



Daily Report

China

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General

Media Reports on U.S.-USSR INF Treaty

Commentary on Treaty Signing

OW092015 Beijing XINHUA Domestic Service
in Chinese 1430 GMT 9 Dec 87

[Commentary by XINHUA reporter Wang Chongjie:
"After the Signing of the U.S.-Soviet INF Treaty"]

[Text] Washington, 8 Dec (XINHUA)—At the East Room of the White House this afternoon, U.S. President Reagan and Soviet leader Gorbachev officially signed the U.S.-Soviet treaty on destroying intermediate and short-range nuclear missiles. Both of them were smiling and looked very pleased. After signing their names on a thick dossier of documents, they exchanged the texts and, for souvenirs, they exchanged the fountain pens used for their signatures. Then, as they warmly shook hands with one another, everyone in the room applauded. Without doubt, the treaty is something to be welcomed if it can be effectively implemented. However, people are more concerned with whether or not the treaty will lead to drastic reductions of arms of all descriptions.

Both the United States and the Soviet Union have undergone a tension-ridden, complex, and tortuous process, which began with deploying intermediate and short-range missiles and ended with agreeing to destroy them. Because of the two countries' fierce competition and confrontation on intermediate missiles, which further escalated the arms race and worsened international situation, they were strongly condemned by world public opinion.

According to the INF Treaty they signed today, the United States and the Soviet Union will destroy all their intermediate and short-range missiles within 3 years. Naturally, this first decision made by the two superpowers to reduce their nuclear weapons is a good thing. However, the quantity of the missiles they will destroy represents only 3 to 4 percent of their nuclear arsenals. Apparently, this is only the first step taken by the two countries toward disarmament.

On other occasions today, both the U.S. and Soviet leaders have time and again commented on the treaty. Reagan said that it was a "historic treaty," and Gorbachev said that it was a "great step" toward the future. At the same time, however, Reagan added that it was only the first step, and Gorbachev indicated that "it is still too early to bestow laurels upon each other."

Will the development of the U.S.-Soviet arms race begin to take a turn from now on?

Reagan maintained that both the United States and the Soviet Union "had been the pursuers as well as the prisoners of the arms race for a long time. This situation

is not destined to be unalterable." Gorbachev maintained that the Soviet Union and the United States should "smash the logic of an arms race." He hoped that "8 December 1987 will mark a watershed separating the era of mounting risk of nuclear war from the era of a demilitarization of human life." Nevertheless, in which direction the arms race will develop from now on will depend on the course they will choose.

The U.S.-Soviet INF Treaty was reached after vigorous bargaining by the two countries. What the leaders of the two countries did today was nothing but perform the last formalities—signing them. Regarding the many pressing issues that need to be resolved, the two countries still differ greatly. Although both countries have indicated willingness to cut 50 percent of their offensive strategic weapons, their disputes over the percentage of all types of weapons to be reduced as well as offensive strategic weapons and the SDI remain unresolved. Nor has there been any progress made on the reduction of conventional weapons—a subject that has been discussed for a long time. If the two countries only ban intermediate missiles but continue to compete in the area of strategic weapons and space weapons—which are of even greater threat—and continue to build up their conventional weaponry, then the significance of the INF treaty will be quite limited. Furthermore, certain regional conflicts in the world caused directly or indirectly by the two superpowers also need urgent solution. We have to see how U.S. and Soviet leaders will answer these issues during their meeting in Washington.

Commentary Views Results

OW111228 Beijing XINHUA in English
1208 GMT 11 Dec 87

["Commentary: A Preliminary Analysis of U.S.-Soviet Summit, by Wang Chongjie"—XINHUA headline]

[Text] Washington, December 10 (XINHUA)—The biggest achievement made in the just-ended Soviet summit seems to be the signing of the Intermediate-Range Nuclear Forces Treaty, as no major breakthrough was announced on reducing strategic nuclear arms or other issues although the atmosphere of the talks was described as good.

The treaty, the first genuine nuclear disarmament accord, which came after arduous negotiations and bargaining, constitutes only the first step in the nuclear disarmament process. It stipulates that the two countries will eliminate all their intermediate-range missiles within three years.

At the farewell ceremony held today by U.S. President Ronald Reagan for the visiting Soviet leader Mikhail Gorbachev, Reagan described the treaty as only the beginning; not the end, while Gorbachev expressed the

hope that this treaty will become the start of a nuclear disarmament process. However, both sides admitted that no new agreements on disarmament were reached during the summit.

On cutting by half their strategic offensive weapons, the central theme of their talks, the differences between the two sides still remain. While Reagan said the three-day summit helped accelerate strategic arms reduction talks, Gorbachev pointed out that the two sides "moved significantly ahead" on this issue. But they did not elaborate.

No substantial changes have been made in their original positions on how many weapons should be cut in each category on each side, on compliance with the Anti-Ballistic Missile Treaty and on space arms.

Reagan stressed in a TV speech this evening that the United States will never give up its Strategic Defense Initiative (SDI) known as Star Wars program. On his part, Gorbachev reaffirmed at a press conference at the Soviet Embassy here that if Washington continues its SDI program, then Moscow will make its reaction. It seems that both countries will continue haggling over the relation between reduction in strategic arms and adherence to the 1972 treaty limiting anti-ballistic defense missile system.

As to regional issues, although the two leaders held "helpful" discussions, they failed to meet the expectations of the world people. At the meeting, each side explained its own stands. Reagan said both sides were quite frank but efforts should be made to seek real political settlement of some of the regional conflicts while Gorbachev described such explanations as helpful. However, the two parties each stick to their own positions. Take the Afghanistan problem as example. Gorbachev stressed that a Soviet military pullout from the country and an end to U.S. aid to resistance forces should take place at the same time.

In the past three years Reagan and Gorbachev have met three times in Reykjavik, Geneva and Washington, with the last meeting conducted in a more relaxed atmosphere than the previous two. The INF Treaty signed during the last meeting represented a concrete achievement of their joint endeavor.

The world people, while expressing their welcome to the treaty, also hope that on the basis of the treaty, the two countries will continue their discussions on cutting strategic nuclear arms and destroying chemical and biological weapons and reach agreements conducive to the relaxation of the international situation.

Destruction of Weapons Viewed
HK111030 Beijing RENMIN RIBAO in Chinese
11 Dec 87 p 6

[Article by Qi Hua (0796 5478): "The Arms Race Is Undesirable"]

[Text] After holding difficult talks for more than 6 years, the heads of the United States and the Soviet Union have finally signed the treaty on intermediate-range missiles. Western countries have all expressed favorable reactions to this. Before the treaty was signed, the people were thinking of something far beyond the treaty itself. On 26 November, LE MATIN of Paris published a cartoon and an article entitled "Missiles Reduced, Military Expenses Still High," which pointed out that the United States had already spent \$9 billion on producing the Pershing-2 and ground-launched cruise missiles and deploying them in Western Europe. The Soviet Union had also spent a huge sum of money on deploying its SS-20 missiles. Now these intermediate-range missiles have to be thrown into the garbage cans. However, destroying these nuclear weapons is not as easy as disposing of ordinary garbage. Whether or not they are blown up in the air or destroyed on the ground, a large sum of money will undoubtedly be spent. What worries press circles even more is: In the course of destroying the intermediate-range missiles, will the West prepare to "modernize its conventional weapons" so as to make up for the unfavorable balance in military strength? Will the Soviet Union further improve its backward technology? If so, does it not mean that both sides will have to spend even more money on these things than it did on producing and deploying the intermediate-range missiles?

RENMIN RIBAO on Thatcher-Gorbachev Meeting
HK110321 Beijing RENMIN RIBAO in Chinese
9 Dec 87 p 6

["Commentary" by RENMIN RIBAO reporter Li Yun-fei (2621 0061 7378): "British-Soviet Summit at Norton"]

[Text] London dispatch, 8 Dec—Soviet leader Gorbachev visited the United Kingdom and met Thatcher at the Brize Norton Air Base yesterday before flying on to the United States. Although the meeting lasted only 2 hours, it was the first visit of a CPSU general secretary to the United Kingdom since 1956; moreover, it took place on the eve of the signing of the U.S.-USSR agreement on reducing intermediate-range missiles. Hence, it was an eye-catching event.

The reason the Soviet leader chose to stop in the United Kingdom was his attempt to understand this country and to find out, to some extent, what was in the mind of Western Europe regarding the INF agreement and further nuclear disarmament in the future; at the same time, he would drop some hints to the United States. This was decided by the position and role of the United Kingdom in international relations at present. After her meeting with Gorbachev yesterday afternoon, Thatcher called President Reagan in the evening and talked with him for 15 minutes, telling him about the just-concluded British-Soviet summit.

The two parties chiefly exchanged views, with no important motions proposed, because the recent summit did not last long and many issues were involved. It is reported that Thatcher had devoted considerable time to learning about the conditions of reform in the Soviet Union. On the issue of nuclear disarmament, she expressed support for the INF Treaty and believed it to be "historic," and also hoped that the United States and the USSR will further reduce their strategic offensive nuclear arsenals by 50 percent. In addition, she expressed her view on narrowing the gap on the SDI project, based on the commitment to the 1972 ABM Treaty. She touched in general on the issues of regional conflicts and human rights. On his part, Gorbachev asked when the independent British nuclear forces could be included in the nuclear disarmament talks.

The atmosphere of the recent summit was rather warm. After the meeting, Thatcher highly praised the reform under way in the Soviet Union, and Gorbachev himself in particular. The foreign secretary of the United Kingdom will visit the Soviet Union next spring, and the secretary for education and science has already accepted an invitation to visit the Soviet Union. Prior to this, Thatcher had invited Gorbachev to visit the United Kingdom again. Public opinion here believes that after the Norton summit, British-Soviet relations—especially the relations between the leaders of the two countries—have further developed. However, differences between the two parties regarding some issues on future nuclear disarmament remain, despite the fact that both parties have expressed the hope to push forward the process of nuclear disarmament talks.

In his speech after the meeting, Gorbachev stated that he would "strive for a nonnuclear world." During a news conference immediately following the meeting, Thatcher pointed out that she did not believe that "a nonnuclear world" would emerge in her lifetime. She held the view that nuclear forces were an important factor to check war. She explicitly pointed out: "What I want is a war-free Europe, but not a nonnuclear Europe." Therefore, she was not in favor of reducing war zone nuclear forces right after the signing of the INF Treaty. Moreover, she believed that it was necessary to reduce the Soviet chemical weapons and conventional forces to the same levels as the West, along with the U.S.-Soviet talks on further reducing their strategic offensive nuclear arsenals. Regarding British independent nuclear forces, the United Kingdom would take their reduction into consideration only when the United States and Soviet Union have greatly reduced their nuclear arsenals, but not at present, when only a reduction of 50 percent was proposed.

Therefore, a high ranking British official participating in the summit said that the crucial outcome of the Norton summit was that the Soviet delegation had a clear idea of the position of the United Kingdom and NATO on the issue of further nuclear disarmament. The 8 December "Thames" editorial also held that what Thatcher had

insisted on yesterday was correct, because after the signing of the INF Treaty, "both the United States and the USSR will retain more than 95 percent of their nuclear arsenals, while the imbalance between East and West Europe in conventional arsenals not only remains, but will become all the more conspicuous."

Islamic Leader Praises Religious Freedom
OW110848 Beijing XINHUA in English
0848 GMT 10 Dec 87

[Text] Beijing, December 10 (XINHUA)—Chinese citizens really enjoy freedom of religion, Dr. 'Abdallah 'Umar Nasif, secretary general of the Muslim World League, said here today.

Twenty-seven Islamic scholars from Britain, Canada, Egypt, Ghana, Pakistan, Saudi Arabia and the Sudan came to Beijing earlier this month to take part in an Islamic international convocation.

"I am very glad to have seen, through my visit to Xinjiang and Gansu, that many mosques and institutes of Islamic theology have been set up in China," Dr. Nasif said.

It shows the religious beliefs and activities of Chinese Moslems are respected by law, he added.

"The gathering, held in Beijing for the first time, not only conducted academic discussions on Islam," said Dr. Nasif, "but also served as a forum for promoting better understanding among Moslems in China and other parts of the world. Such friendly relations will continue."

Dr. Nasif hopes that Moslems all over the world will make contributions to world peace.

The Beijing Islamic international convocation began on December 4 and ended on December 8.

United States & Canada

U.S. Congress Amendment on Xizang Protested
OW110954 Beijing XINHUA Domestic Service
in Chinese 0837 GMT 11 Dec 87

[Text] Beijing, 11 Dec (XINHUA)—Vice Foreign Minister Zhu Qizhen on 10 December met with U.S. Ambassador to China Lord and expressed strong dissatisfaction and protest to the U.S. Government over the so-called amendment on "Violation of Human Rights in Xizang by the People's Republic of China" adopted by a joint session of U.S. Congress on 3 December.

Zhu Qizhen pointed out: The "amendment," on the pretext of protecting human rights in Xizang, distorts facts, slanders the Chinese Government and people, and wantonly interferes with China's internal affairs.

He said: Since ancient times, Xizang has been an inalienable part of Chinese territory. The Tibetan people are a member of the big family of the Chinese nation. All issues concerning Xizang are entirely China's internal affairs, and foreign countries have no right to interfere.

He emphasized: A fundamental principle for guiding bilateral relations agreed upon between China and the United States is one of mutual respect for each other's sovereignty and territorial integrity and mutual noninterference in each other's internal affairs. Only when mutual noninterference with each other's internal affairs is ensured can Sino-U.S. relations develop smoothly.

He said: The Chinese Government strongly demands that the U.S. Government take measures to stop further development of the incident of interfering with China's internal affairs, and to prevent recurrence of such a thing that is detrimental to Sino-U.S. relations.

Zhang Jingfu Meets U.S. Business Delegation
OW081330 Beijing XINHUA in English
1157 GMT 8 Dec 87

[Text] Beijing, December 8 (XINHUA)—Chinese State Councillor Zhang Jingfu met and feted here today D. Cadieux, president of the Amoco Chemical Company of the United States, and his party.

Canada Still Alert to USSR Military Presence
OW110834 Beijing XINHUA in English
0806 GMT 11 Dec 87

[Text] Ottawa, December 10 (XINHUA)—Although the United States and the Soviet Union have signed the agreement on medium-range nuclear missiles, Canada should still be on alert for Soviet military presence in the world, Canadian Prime Minister Brian Mulroney warned today.

He said in a statement that antagonism between East and West will not evaporate overnight.

The prime minister believes that the Soviet Union continues to pose a major threat to the Western world. So Canada must continue to make an effective contribution to Western defense.

He said, "The Soviet Union will never be secure by making other countries feel insecure."

Yesterday the prime minister assured that he will allow U.S. cruise-missile testing in Canada despite the success of the U.S.-Soviet summit in Washington.

He said North America and Western Europe must maintain firm links and continue to rely on nuclear deterrence to defend freedom.

He also pointed out that Canada will try to encourage what appears to be a new phase in East-West relations by promoting arms control and disarmament, inviting the Soviets to play a more constructive role in world affairs and help both sides communicate.

Soviet Union

Soviet Delegation Visits Hubei Power Station
HK101432 Wuhan Hubei Provincial Service
in Mandarin 1000 GMT 10 Dec 87

[Text] Yesterday, accompanied by Zhang Fengxiang, a vice minister of China's Ministry of Water Resources and Electric Power, a 9-member power delegation headed by Neumin, first deputy minister of the Soviet Union's Ministry of Power Machine Building, arrived in Yichang from Beijing for a visit to the province's first 500,000-volt direct-current conversion station, the Gez-houba Direct-Current Conversion Station, which is still under construction.

Soviet 'Indifference' to Soldiers Reported
OW102013 Beijing XINHUA in English
1434 GMT 10 Dec 87

[Text] Moscow, December 10 (XINHUA)—Soviet soldiers who were injured in the Afghan war are treated with callous indifference after they returned home, the Soviet weekly MOSCOW NEWS complained Thursday.

Many Soviet soldiers who returned from Afghanistan and have been sent to a rehabilitation center in Saki (the Crimea) "suffer from shattered nerves in addition to serious physical afflictions," the latest issue of the weekly said.

MOSCOW NEWS reports that most people remain indifferent towards the invalid soldiers returning home from Afghanistan and describes the rehabilitation center as a "dead zone."

The Soviet Union invaded Afghanistan in December 1979 and has sent about 115,000 troops to the country.

MOSCOW NEWS quoted Yigor Ovsyannikov, commando platoon leader in Afghanistan, now an invalid in the rehabilitation center, as saying that Soviet central television is only showing Afghan resistance forces laying down arms and ignoring the increased number of heavily wounded Soviet soldiers.

"I'll have to change professions. I want to become an historian to study this war. I hope I will understand it better," Ovsyannikov told the weekly.

The weekly disclosed that a young man was killed by an invalid returning from Afghanistan after calling him "cripple."

According to the Soviet press, many Soviets are now complaining about Soviet military presence in Afghanistan. In letters to newspapers' editors they are asking when the war will end.

Northeast Asia

PLA Delegation Departs for Visit to DPRK
OW111244 Beijing XINHUA in English
1302 GMT 10 Dec 87

[Text] Beijing, December 10 (XINHUA)—A delegation from the Chinese People's Liberation Army led by Liu Jingsong, member of Chinese Communist Party Central Committee and commander of the Shenyang military area command, left here today for a good-will visit to the Democratic People's Republic of Korea.

DPRK Official Rules Out Intervention in ROK
OW101410 Beijing XINHUA in English
1322 GMT 10 Dec 87

["DPRK Official Rules Out Intervention in South Korea"—XINHUA headline]

[Text] Pyongyang, December 10 (XINHUA)—The Democratic People's Republic of Korea (DPRK) will not intervene in South Korea whatever happens there, said a DPRK official.

The director of the Secretariat of the Committee for the Peaceful Reunification of the Fatherland, Chon Kum-chol, made the remark at a press conference Thursday afternoon.

Chon said that DPRK has repeatedly expressed its view of non-intervention in South Korea whether the situation there is bad or not. No matter what happens there, DPRK has no intention to take advantage of it, he added.

The official said that unrest will erupt in South Korea if No Tae-u, head of the ruling Democratic Justice Party, is elected. South Korea presidential elections are scheduled for December 16. It is the first direct presidential elections in 16 years.

Whether South Korea presidential elections will lead to chaos or not depends on either a fair and just election which produces a democratic government or a rigged election that prolongs the military dictatorship, Chon said. These factors have nothing to do with us, he concluded.

Southeast Asia & Pacific

Sihanouk Cancels Meetings With Hun Sen
HK111340 Beijing RENMIN RIBAO in Chinese
11 Dec 87 p 6

[Dispatch by reporter Ma Weimin (7456 3634 3046): "Sihanouk Cancels Meeting With Hun Sen Next Spring"]

[Text] Paris, 10 December—Prince Sihanouk has decided to cancel his January meeting with Hun Sen in Fere-en-Tardenois, France, and their April meeting Pyongyang, Korea. He also declared "null and void" the fourth point in the joint communique he signed on 4 December after meeting with Hun Sen in France. This decision by Prince Sihanouk of Democratic Kampuchea was announced in a cable he sent to Hun Sen yesterday. At France's office of information this morning, Prince Sihanouk announced the full text of this cable.

In the cable, Prince Sihanouk said that after he met with Hun Sen in the French town of Fere-en-Tardenois from 2 to 4 December, he drew such a conclusion following a minute study of Hun Sen's fundamental thinking and real stand on the Cambodia issue: "So long as Mr Khieu Samphan and Mr Son Sann do not agree to participate in the joint study of a fair solution of the Cambodia issue by the two of us, and so long as they do not agree to attend the meeting scheduled by the two of us to be held in France and in Korea in January and April respectively next year, we cannot reach agreement on anything positive." Therefore, his further meeting with Hun Sen "would serve no useful purpose."

Prince Sihanouk served official notice to Hun Sen: he would not meet with Hun Sen in January or April next year. He would wait for Khieu Samphan and Son Sann to announce their agreement to attend a quadrilateral meeting to discuss the Cambodia issue. He declared null and void the fourth point (on the arrangement for the next two meetings) in the joint communique signed with Hun Sen on 4 December.

In his cable, Prince Sihanouk said: If the other two groups of the Coalition Government of Democratic Kampuchea were included, then the meetings might be restored.

Calls Hun Sen 'Vietnam's Valet'
OW110750 Beijing XINHUA in English
0726 GMT 11 Dec 87

[Text] Paris, December 10 (XINHUA)—President of Democratic Kampuchea Samdech Norodom Sihanouk has characterized Hun Sen, head of the Vietnam-backed Phnom Penh regime, as just "Vietnam's valet."

In a statement issued to the press Thursday, Sihanouk commented on his meeting with Hun Sen on December 4 in the French town Fere-en-Tardenois, saying that Hun Sen had come to France with "empty hands" and just for the purpose of spreading his own propaganda.

Sihanouk also equally denounced Vietnam for its "arrogant and scornful" attitude towards him.

Sihanouk disclosed that he had asked, through his son Prince Rannarit, that the withdrawal of 140,000 Vietnamese troops from Kampuchea be included in a joint communique issued at his meeting with Hun Sen six days earlier, but according to the prince, Hun Sen had refused to include any mention of the matter.

In a telegram addressed to Hun Sen and published in Paris earlier Thursday, Sihanouk announced the cancellation of their scheduled meetings in France in January and the Democratic People's Republic of Korea in April.

Sihanouk Says Talks Meaningless

BK111240 Beijing in Cambodian to Cambodia
1030 GMT 11 Dec 87

[Text] On 10 December, in Fere-en-Tardenois, France, Samdech Sihanouk released a written statement to the press on his decision to cancel the next two meetings with Hun Sen set for next year, saying that even if those two meetings take place, Hun Sen cannot bring anything to the Cambodian people. Therefore, the meetings between the samdech and Hun Sen would be completely meaningless. The samdech pointed out that Hun Sen used the meeting for his own propaganda to get France and the international community to recognize the illegitimate Phnom Penh regime.

Talking about the recent meeting between the samdech and Hun Sen in Fere-en-Tardenois, Samdech Sihanouk pointed out that although Prince Rannarit made a clear demand, Hun Sen refused to include the issue of a Vietnamese troop withdrawal from Cambodia in the joint communique. Hun Sen's rejection is not good for the future of our people and fatherland. Samdech Sihanouk said Hun Sen arrived in Fere-en-Tardenois empty-handed. He brought nothing to patriotic Cambodians. It is for this reason that the samdech refuses to meet again with Hun Sen, because the samdech does not want Hun Sen, Hanoi, and Moscow, which are masters [words indistinct] their goal.

Spokesman Cited on Talks

BK111244 Beijing in Cambodian to Cambodia
1030 GMT 11 Dec 87

[Text] On 10 December, in Paris, the KPNLF spokesman in Paris said the front is of the opinion that [words indistinct] the possibility to take part in [words indistinct] between the tripartite CGDK and the Heng Samrin government.

The spokesman said this following Samdech Sihanouk's cancellation of future talks with Hun Sen of the Phnom Penh puppet regime. The spokesman said the KPNLF position on a political solution to the Cambodian problem remains unchanged. He said: We welcome Samdech Sihanouk's efforts aimed at getting Vietnam to negotiate. However, if we attend the four-party talks before the convening of an international conference on Cambodia, this would mean we recognize that the war in Cambodia is an internal one.

XINHUA Reviews Vietnam's Economic Status

OW101210 Beijing XINHUA in English
1112 GMT 10 Dec 87

["Yearender: A Thorny Year for Vietnam"—XINHUA headline]

[Text] Hanoi, December 9 (XINHUA)—As the turbulent year of 1987 draws to a close, the socio-economic crisis of Vietnam is erupting again.

On December 1, the already-fragile Vietnamese currency was devaluated 450 percent, plunging the official exchange rate of the U.S. dollar against the Vietnamese dong from one to 80 to one to 368.

There is a general consensus here that such a large-scale devaluation, at a single stroke, reflects the deterioration of Vietnam's financial crisis and the beginning of another round of price fluctuation.

Both Eastern and Western observers here have attributed Vietnam's economic difficulty to the albatross of its occupation of Kampuchea, which requires a wartime economy in which military expenditures account for more than half of the annual budget.

Early this year, Hanoi laid out a plan of small-scale growth of production with agriculture as a priority. A four-percent increase in agricultural investment was projected, with the expectation of netting 19.2 million tons in grain. During the year, however, grain production actually dropped, from 18.38 million tons in 1986 to 18 million tons.

The cut in grain production, of course, sent food prices skyrocketing, particularly in urban areas.

Vietnamese industry grew, but sluggishly, and the nation's financial deficit broke through the ceiling of 10 percent set by the National Assembly. Inflation rates reached 700 to 800 percent, foreign exchange reserves continued to decrease, and the total volume of foreign debt rose to seven to eight billion U.S. dollars.

All of these factors appear to indicate that Hanoi's economy is out of control. None of the "four reductions" that were promised (in the financial deficit, inflation, the frequency of price increases, and in the difficulties afflicting workers' livelihoods) has been achieved.

Even the Vietnamese leaders now admit publicly that the lives of working people are still "unstable" and "rather difficult" despite efforts to improve them.

Take the example of an ordinary worker in a state-run enterprise. His monthly salary of 3,000 to 4,000 dong is worth only three or four U.S. dollars, which can at most purchase two or three shirts. Most people, therefore, hold down "second occupations"—if they can find them. Millions of people are already looking for work.

What the new Vietnamese leaders took over from their predecessors is a shambles. Although some of the reforms they announced achieved positive results, many others have not yet materialized in the worsening economy.

In the past year, Vietnamese leaders have won some popular support by calling on their people to fight embezzlement, corruption and other "negative phenomena" within the party, government and in the society.

However, their lack of reforms in foreign policy, and in particular, the isolation resulting from their long-time aggression in Kampuchea, appear to have blocked their hopes for obtaining desperately needed foreign aid, indicating that Hanoi's economic prospects in 1988 are still likely to be dim.

Near East & South Asia

Tian Jiyun Receives Iranian Minister
OW111304 Beijing XINHUA in English
1254 GMT 10 Dec 87

[Text] Beijing, December 10 (XINHUA)—Chinese Vice-Premier Tian Jiyun met Bijan Namdar-Zangeneh, Iranian minister of construction jihad, and his party here today.

XINHUA Roundup Notes 'Calm' in Iran-Iraq War
OW101411 Beijing XINHUA in English
0130 GMT 10 Dec 87

["Round-up: Relative Tranquility in Iran-Iraq War in Past Week Might Be Calm Before Storm" by Xu Boyuan—XINHUA headline]

[Text] Tehran, December 9 (XINHUA)—Iran-Iraq war witnessed a relative calm in the past week but diplomatic observers here speculated that it might be a calm on the eve of a storm.

On the ground, only minor exchanges of fire were reported while air-raids were traded mainly on frontier targets and the war of tankers continued.

Since November 12 when Iranian top leader Ayatollah Khomeyni ordered to intensify military operations, four limited offensives have been launched in the mountainous Kurdish areas of Iraq and these offensives did not develop into a chain of operations as Iranian officials had pledged.

However, an unprecedented military build-up is under way in Iran. More than six million militiamen took part in nationwide military maneuvers in all parts of the country during the past three weeks. Each of the participants in the maneuvers has been given a special card for being sent to war fronts. A spokesman for Iran's Revolutionary Guards announced today over the TV that all these militiamen would be dispatched to the war fronts in six batches for three months of service.

On the diplomatic front, Iran made no concession. In his talks with UN Secretary General Javier Perez de Cuellar last week in New York, Iran's special envoy Mohammad Javad Larijani reportedly insisted on linking the identification of aggressor with the cease-fire, withdrawal of troops and punishment of aggressor.

Observers here believe that in coordination with its diplomatic campaign, Iran might do something on the ground, probably by launching big operations against Iraq's second biggest city of Basrah in winter.

PRC Envoy Meets 'Arafat, Reiterates Support
OW110510 Beijing XINHUA in English
0154 GMT 11 Dec 87

[Text] Kuwait, December 10 (XINHUA)—Yasir 'Arafat, chairman of the Palestine Liberation Organization (PLO), met here today Chinese ambassador to Kuwait Guan Zihuai.

'Arafat informed the Chinese ambassador of the recent Israeli suppression of the Palestinian people in the occupied Gaza Strip and West Bank of the Jordan River.

During their meeting, the Chinese ambassador reiterated the consistent stand of the Chinese Government to support the just cause of the Palestinian people. He also denounced the Israeli suppression of the Palestinians in the occupied Arab territory.

West Europe

West European Leaders React to INF Treaty

UK's Thatcher 'Hopeful'
OW110450 Beijing XINHUA in English
0228 GMT 11 Dec 87

[Text] London, December 10 (XINHUA)—Prime Minister Margaret Thatcher said today she is "hopeful" that the United States and the Soviet Union will agree to reduce strategic nuclear missiles.

Mrs. Thatcher said she believes U.S. President Ronald Reagan and Soviet leader Mikhail Gorbachev have paved the way for further arms reduction agreements at their Washington summit.

"I think they will get the agreement on strategic missiles ... I think it's within our grasp," she said in an interview with Britain's commercial television.

The prime minister said she believes the U.S.-Soviet intermediate nuclear forces (INF) treaty will be honored by both sides, but she added that Britain's independent submarine nuclear deterrent will not be subject to their agreement.

"It is very clear to President Reagan and to Mr. Gorbachev that both French and British independent nuclear deterrents were not in these negotiations," she said.

"Even at a reduction of 50 percent in strategic arms missiles, (Britain's) Trident is still a very small proportion of what the Soviets have been left," she said, adding: "Our independent deterrence is really an irreducible minimum."

Asked whether the INF treaty will lead to a nuclear-free world, Mrs. Thatcher said, "I don't think it's attainable. I am interested in a war-free world, particularly a war-free Europe where the last two world wars started.

"To keep a war-free Europe, you need, I believe, to keep a nuclear deterrent."

NATO Secretary-General Lord Carrington also warned against reducing Atlantic alliance defenses in response to the U.S.-Soviet INF treaty.

"We have to maintain the credibility of the nuclear deterrent—both the strategic and the shorter-range," he said in an interview with a British monthly defense magazine, "and look very carefully at the inter-relationship of all these arms control talks, so as not to unbalance our deterrent by going too far in one direction and not far enough in the other."

French Leaders Comment

OW101054 Beijing XINHUA in English
0259 GMT 9 Dec 87

[Text] Paris, December 8 (XINHUA)—French Prime Minister Jacques Chirac said today the intermediate nuclear forces (INF) agreement will be a "positive agreement if followed by other accords which will reinforce European security".

Chirac, speaking in a television interview at the end of his visit to the French Department of Nord-Pas-de-Calais, said "this single accord (INF) does not essentially re-inforce the security of Europe which remains threatened by a considerable amount of armaments."

He said "the strategic arms of the superpowers should be the object of a treaty on (arms) reduction" and only at that moment, will the INF accord be a truly historic accord.

French President Francois Mitterrand, who is visiting the Saone-et-Loire Department, said he supported the INF accord which was signed earlier today by U.S. President Ronald Reagan and Soviet leader Mikhail Gorbachev in Washington.

"The choice is to disarm or super-arm", Mitterrand said, "my choice is made; we must disarm and we must reject the argument of those who say no to us."

Italian Officials Welcome Treaty

OW101302 Beijing XINHUA in English
0251 GMT 10 Dec 87

[Text] Rome, December 9 (XINHUA)—Italy welcomes the signing of the superpower treaty on scrapping intermediate-range nuclear forces (INF) and expects early approval from the U.S. Senate, officials here have stated.

Foreign Minister Giulio Andreotti said the treaty, signed Tuesday in Washington, has removed an immediate threat to Europe.

Europe has played a decisive role in the negotiations on and off for more than six years, he added.

He said the INF treaty has protected Europe's "special interests" in NATO which also includes the United States and Canada.

In an article that appeared in the latest issue of IL TEMPO, Minister of the Interior Amintore Fanfani said that only through firm international agreements by the superpowers can the dreadful consequences of the arms race be avoided.

The United States and Soviet Union would be the first to perish should the arms competition get out of control, he warned.

In a joint statement, Italy's three major labor unions said they are "very satisfied" with the signing of the INF treaty and urged the congresses of the superpowers to verify it.

They also called for cuts in the U.S.-Soviet strategic nuclear arsenals and a new balance between NATO and the Warsaw Pact in chemical and conventional arms at the lowest level.

Greek Prime Minister Hails Treaty
OW101320 Beijing XINHUA in English
0209 GMT 10 Dec 87

[Text] Athens, December 9 (XINHUA)—Greek Prime Minister Andreas Papandreu today expressed his approval of the signing of the superpower treaty on elimination of intermediate-range nuclear forces (INF).

He said in a statement that the INF agreement, signed by U.S. President Ronald Reagan and Soviet leader Mikhail Gorbachev in Washington Tuesday, is "possibly the most important achievement since the end of World War II."

"The two nuclear powers this time have not only signed an agreement for limiting the rate of increase of a category of weapons, but for withdrawing and dismantling the SS-20, Pershing 1a, Pershing-2 and cruise missiles from Europe," Papandreu said. "This is an event of immense importance," the prime minister said. "It is a historic turn toward peace." He said however that the signing of the INF Treaty "is not the end, but the beginning of a new chapter".

He called on the superpowers to make further effort to rid the world of other weapons such as strategic and short-range nuclear missiles and chemical weapons, and to stop the militarization of space.

Turkey 'Pleased' by INF Treaty
OW101405 Beijing XINHUA in English
0038 GMT 10 Dec 87

[Text] Ankara, December 9 (XINHUA)—Turkey declared today that it regarded the U.S.-USSR treaty signed in Washington for scrapping intermediate range missiles as a "historic step" in East-West relations.

Turkish Foreign Ministry spokesman Inal Batu made the remarks at his weekly press conference here, local TV reported tonight.

Turkey was "pleased" with the signing of the Intermediate Range Nuclear Forces (INF) Treaty and believes that the treaty will be an example for future disarmament accords, he added.

Turkey expects the INF Treaty to contribute to the strengthening of security between the East and West and thus pave the way for positive developments in other disarmament spheres, he said.

Turkey wants the inclusion of chemical and conventional weapons in the global disarmament process, he said.

Batu underlined that the ultimate target should be to strengthen global security and stability.

Turkish Foreign Minister Vahit Halefoglu, who is currently in Brussels, said the INF Treaty will be evaluated at length within the NATO alliance, taking into consideration the strategic and geographic positions of all NATO member countries.

Meanwhile, Turkey's main opposition Social Democrat Populist Party leader Erdal Inonu said he hopes all countries will follow in the footsteps of the U.S. and Soviet Union in disarmament.

Danish Businessman Promotes Joint Ventures
OW102345 Beijing XINHUA in English
1603 GMT 10 Dec 87

[Text] Beijing, December 10 (XINHUA)—Holger Hansen, former general manager of the East Asiatic Company of Denmark, wound up his 100th visit to China today.

And he left with the conviction, stronger than ever, that joint ventures are the hope for the future in China.

During his visit, Hansen, travelling with his wife, held business talks in Shanghai, Tianjin, and Beijing and attended the opening of the Shanghai Smeckru Municipal Engineering Company, the first Sino-Danish joint venture in Shanghai. Hansen is a board member in the venture.

"Business circles in Europe and America look at the many difficulties in establishing joint ventures," he said in an interview with XINHUA.

"It takes time. But I think that if you take a good look and try to find the right partner, joint ventures will be rewarding. It is a way for foreign trade to grow between China and abroad."

As China is short of foreign exchange, he said, imports have to be restrained. "Therefore, I have big hopes for joint ventures," he added.

Hansen, 69, first came to China in 1962 and is a founder of the Asiatic Company.)

Up to then, although the two countries had diplomatic relations, they had practically no trade between them.

In the early 1960s, Hansen assisted in organizing China's first trade delegation to Canada to [words indistinct]. China and Canada did not have diplomatic relations at the time but Hansen's company had representatives in Canada.

In the 1970s, he assisted in modernizing shipping terminals in Shanghai and Tianjin.

And in 1975, together with the Danish ambassador to China, he sponsored the establishment of a Sino-Danish committee.

"[Words indistinct] in China gave me a special insight into the many possibilities laid open by the open-door policies," he said. "Many people in the West understood that it was a fantastic development. Some thought developments would take place too [words indistinct] and were afraid to take part.

"But gradually, now especially after the 13th National Congress of the Chinese Communist Party, people are realizing that China is on a stable course," he said. "That will encourage many foreigners to come forward to take part in the developments."

Hansen has personal goals.

"In the cultural field, my wife and I will continue to work for more understanding of Chinese contemporary paintings," he said. They have already organized one exhibition in Denmark, and will hold more.

"In trade, I will step up my participation in international trading seminars. I have often been asked to be the main speaker at Chinese seminars because I have a long background of work with China," he said. He pledged to help China develop new products to boost exports from China.

Hansen has reached agreements with China on two projects. Another project is close to be finalized and 18 more are under negotiation.

He noted certain shortcomings in China's economic activities and cited poor management, especially in regard to appointment of leaders, and the lack of training of people in the service fields as two examples.

He suggested that to boost trade it would be helpful if the provinces or big cities established coordinating parties to take [words indistinct].

China should also join more international organizations, he said.

"My dream is that one day many international organizations will have agencies in China," he said.

East Europe

East European Leaders Hail INF Treaty
OW101022 Beijing XINHUA in English
0801 GMT 9 Dec 87

[Text] Beijing, December 9 (XINHUA)—East European nations have expressed their welcome to the treaty eliminating intermediate-range nuclear forces (INF) signed Tuesday in Washington between Soviet leader Mikhail Gorbachev and U.S. President Ronald Reagan.

Shortly after the signing, Democratic German leader Erich Honecker issued a statement expressing his country's "full approval and support" for the treaty. The treaty is a milestone on the road to a nuclear-free world, he said.

Democratic Germany is among the countries from which nuclear missiles would be withdrawn under the treaty that, for the first time, will reduce the superpowers' nuclear arsenals.

Honecker said the treaty would improve conditions for further disarmament, such as a fifty-percent reduction of strategic offensive weapons, cuts in tactical nuclear weapons, drastic reductions in conventional forces and establishment of a nuclear weapon-free corridor and a chemical-weapon-free zone in central Europe.

In a meeting earlier Tuesday, Honecker and visiting Yugoslav Premier Branko Mikulic agreed that the treaty, if carried out, will improve the international situation and enhance confidence and trust among nations.

Yugoslav President Lazar Mojsov, in a letter addressed to Gorbachev and Reagan, said Tuesday evening the INF treaty would usher in a new period in which negotiations will be launched on the most important issues of the world today.

Mojsov said the signing of the treaty proves that disarmament and improvement of international relations is possible, and necessary as well. But he added that solutions to major issues of the contemporary world, such as disarmament and development, require the participation and contribution of all nations.

Polish leader Wojciech Jaruzelski also wrote to the U.S. and Soviet leaders, saying that his country, while welcoming the INF treaty, hopes to see new disarmament accords, particularly one on drastically reducing the superpowers' strategic nuclear weapons.

The Czechoslovakian people are more concerned about the treaty because under it the Soviet shorter-range missiles stationed in the country would be dismantled. On Tuesday evening, millions of people watched the televised signing of the INF treaty.

Vaclav Stafek, vice chairman of the Chamber of the Nations, said the treaty is of significance to the Czechoslovakians. He hoped the INF treaty would be followed by more similar treaties and accords in efforts to pursue the disarmament policy.

Gorbachev Briefs Warsaw Pact Leaders on Summit
OW111619 Beijing XINHUA in English
1439 GMT 11 Dec 87

[Text] Berlin, December 11 (XINHUA)—Soviet leader Mikhail Gorbachev met Warsaw Pact leaders at Berlin's Palast Hotel at noon today and briefed them on his three-day talks with U.S. President Ronald Reagan soon after he arrived here.

Gorbachev was greeted at the Schonefeld Airport by Democratic German leader Erich Honecker.

His arrival was slated to be at 09:30 (local time) this morning, but was postponed because of the delay in Washington.

Reports say that a document would be emerged from the meeting, but no details were disclosed.

CHING IAO Examines Zhao's 'Real Power'

*HK101520 Hong Kong CHING IAO in Chinese
No 125, 10 Dec 87 pp 28-31*

[Article by He Tsung-chung: "How Is Zhao Ziyang's Political Style Formed?—A Doubt About the General Secretary's Real Power"]

[Text] A middle-level cadre who joined the party at the Sixth National CPC Congress said: "Although I have experienced eight CPC congresses, I have never paid so much attention as I have to the 13th Congress."

Some experts pointed out: "In the past it was difficult to predict how long party congress resolutions would remain valid. The resolution from the Eighth Party Congress was no longer valid 3 months after its adoption, but Zhao Ziyang's report to the 13th Party Congress is different. It will fully ensure continuation of the policy of 'reform and opening up,' and play the role of strengthening and developing the policy. There is no doubt about it."

One month or so has passed since the end of the 13th National CPC Congress. Zhao Ziyang's report is still fresh in people's minds. The new Political Bureau and Political Bureau Standing Committee respectively have convened work meetings. In addition, meetings of the NPC and CPPCC have also been held. In a word, Zhao Ziyang's political style and the problems he faces have become a new focus of attention for the government and the public.

Zhao Ziyang Dealt Skillfully With His Opponents Using Feints and Ambushes [subhead]

After making his "13 May" speech Zhao Ziyang went on a visit to Eastern Europe. Hu Qili was entrusted with the task of handling party affairs. At that time it was actually Deng Liqun who was in charge of the day-to-day work of the Secretariat. Deng Liqun played the dirty trick of trying to use self-criticisms made by Hu Yaobang at party meetings to discredit him. These fragmented self-criticisms were contained in the minutes of the meetings. Hearing that his self-criticisms would be published in party documents, Hu Yaobang revised them and omitted some expressions such as "rightist who has not been properly reformed," "vicious person," and so on. However, when issuing Secretariat "Document No 19" which contained the self-criticisms, Deng Liqun completely ignored Hu Yaobang's intention. The self-criticisms were published without the slightest revision. Such an act of imposing one's will on others violated party discipline. After returning from Eastern Europe Zhao Ziyang dealt with this matter, and asked Deng Liqun: "Why did you not publish the self-criticisms as revised by Hu Yaobang?" This greatly embarrassed Deng Liqun.

When the issue about purging the second group of intellectuals was discussed at the Beidaihe meeting held in the latter half of July, a decision was made to

amalgamate the Marxist-Leninist Institute under the Chinese Academy of Social Sciences with the Higher Party School, and a central leading group responsible for propaganda was established. It was also decided that Deng Liqun would no longer be in charge of propaganda work.

In mid-August Zhao Ziyang took decisive action to abolish Deng Liqun's "special detachment"—the "Policy Research Office under the Secretariat." Deng Liqun intended to transfer all his trusted followers to the "Research Office for Party Building" under the Central Organization Department headed by Song Ping, but his plan was not approved by Zhao Ziyang. In recent months, these people have been disbanded by the Central Propaganda Department and Central United Front Work Department.

Not long after that Zhao Ziyang issued instructions to the President of the Higher Party School Gao Yang: "It is no longer necessary to publish HONGQI." He suggested that the Higher Party School, the Marxist-Leninist Institute, and HONGQI be amalgamated. This gust of wind was no small matter. All the leftists felt perplexed and uneasy. It seemed as if their "dad had died and their mom was going to remarry."

What merits our attention is that some of Zhao Ziyang's actions were like cutting a tangled skein of jute with a sharp knife, and others were resolute and vigorous. All this showed the shrewdness and wisdom of Zhao Ziyang's art of struggle. His tactics of feints and ambushes upset the schemes of Deng Liqun and his like, and ensured the success of the 13th National CPC Congress.

Deng Liqun Became a Record-Setter [subhead]

At a group discussion which was kept absolutely secret from both Chinese and foreign reporters, the former Central Discipline Inspection Commission became a target of public criticism. Former secretary of the commission Li Chang took the lead in launching an attack. He was compelled to resign because he did not favor the plan to purge a number of theoreticians who advocated reform. He expressed the following views: 1) The former Discipline Inspection Commission failed to attend to its proper duties. It failed to handle cases of true violations of party discipline. It intervened in things which laid outside its concern such as the case of selling fake medicines, and so on. The masses called it the "second public security bureau." The second secretary of the commission, Wang Heshou, "hid" materials involving big and important cases to protect the "sons of senior cadres." General Secretary Hu Yaobang, who was resolute in handling major and important cases got into trouble because of this. Secretary of the Secretariat, Wang Zhaoguo, was also dismissed from his post because of such practices.

Liu Rui, former deputy director of the Central Organization Department who was dismissed from his post by the leftists, also exposed the malpractice of leftists making people suffer.

Many delegates spoke their minds freely.

Therefore, in the discussions on candidates for party state organs nobody elected former members of the Central Discipline Inspection Commission. According to a former plan Han Guang, former executive secretary of the commission, was to be assigned to the Central Advisory Commission after retiring from the Central Discipline Inspection Commission, but the Central Discipline Inspection Commission Standing Committee failed to make such an arrangement. Han Guang undoubtedly lost his post as vice premier because of this. He stated that he wanted to retire completely, and that he would refuse to take any post. He only wanted to retain the title of "former state leader." Showing no understanding of the times, Deng Liqun with great ambitions tried to enter the Political Bureau. His misdeeds in "defaming Hu Yaobang" spread widely among the delegates. In the CPC Central Committee preliminary election which had only 10 candidates in excess of the number of seats however, he failed, coming third from last. He got some 500 votes less than Wang Renzhi, who was the last member elected to the CPC Central Committee.

It is said that Deng Xiaoping was also surprised at Deng Liqun's failure in the elections. He drew on his cigarette after staring for a long time and said: "We should respect the views of the majority of the delegates."

Not long afterwards, a high-ranking central authority official stated the following while relaying the spirit of the 13th National CPC Congress to party members of a unit: "Of the candidates who failed to enter the CPC Central Committee, only one was elected to the Central Advisory Commission that evening."

The purpose of electing Deng Liqun to the Central Advisory Commission was so that he could be recommended by the veterans to the Central Advisory Commission Standing Committee. In the Standing Committee elections, however, he failed again, coming in last on the list, with less than half the votes. Meanwhile, Wang Heshou also failed in the elections, ranking second from last. Bo Yibo was elected by a few votes.

It is a rare event in political life at top CPC levels that Deng Liqun failed twice at party congress elections.

Increasing Sense of Modernization in Party Delegates [subhead]

The theoretical circles have the following comments: The 13th CPC Congress has indeed realized the method of candidates exceeding the number of seats in elections. This is the objective demand of party delegates, and

indicates the party delegates' sense of independence. They want to represent the common aspiration of the party and the people. This shows that their sense of modernization has increased.

Some people have the following comments on Deng Liqun's failure: If he had shown Han Guang's sensible attitude he would have maintained the position of a "state leader." Now he has been downgraded from enjoying a "special car" to a "compartment." (Note: A CPC official at the vice premier level can enjoy a special car on an inspection tour or a holiday, while a member of the CPC Central Committee can only get a compartment which occupies four soft seats.)

Four Distinctive Features in Zhao Ziyang's Report [sub-head]

Zhao Ziyang's political report to the 13th Party Congress has won acclaim from the government and public. Its success is also an indication of the victory of the CPC reform forces at the 13th Party Congress.

First, the raising of the theory of "the initial stage of socialism." With regard to this, foreign media pointed out that "the CPC changed its attitude from cutting the feet to fit the shoes to cutting the shoes to fit the feet, and revised Marxism and Leninism to suit China's reality." There is nothing wrong in using "shoes" and "feet" as metaphors but Gao Fang, a Marxist-Leninist professor at the Chinese People's University, had different views. He said: "Both cutting the feet to fit the shoes and cutting the shoes to fit the feet regard shoes, namely principles, as something rigid. Therefore, it was a mistake to cut the feet to fit the shoes in the past. It is also wrong to cut the shoes to fit the feet now. Is it possible to choose suitable shoes to fit the feet? It seems that this is also impossible because the shoes chosen are all ready-made. Zhao Ziyang selected the road of making suitable shoes to fit the feet for China's reform and opening up. Marxist and Leninist principles provide us with the method to make shoes. Meanwhile, different material should be used to make shoes of varying styles in different periods. Marx lived in the steam era and Lenin in the electrical era. As we are now in the era of electronics and superconductivity, the shoes made should be comfortable and should vary in size and style. Moreover, they cannot be straw sandals."

"The initial stage of socialism" is precisely the period to make shoes to fit the feet. Yu Guangyuan said: "The word socialism requires us to acquire a reunderstanding of it." This theory is the authority to promote productive forces. Besides playing a decisive and significant part in China's social life, it is also a summarization of the mistakes made by the CPC in the past.

Second, the reform of the ownership system is introduced as a result of the matured, forceful, and strategic measures of economic reform. The report affirmed the rationality of the existence of the private economic

sector and the necessity for various capitalist forms of operation. The measures first taken in the economic field will certainly find expression in the ideological sphere.

Third, although Zhao Ziyang acknowledged that the short-term objective of the political structural reform is after all, limited, it has been established in the authoritative document of the 13th Party Congress. It has absorbed the outstanding achievements of the contemporary world's political civilization, which indicates a change in major CPC theories.

Fourth, the report gave an open and flexible explanation of Marxism and eliminated the traditional "leftist," rigid, and dogmatic understanding. It is generally acknowledged that the passage "great practice requires great theory" was brilliantly expounded. Some people say that this has given the green light to the free movement of reform theories.

Zhao Ziyang Wants To Start His Program First [sub-head]

The theoretical circles do have some unfavorable comments on certain parts of Zhao Ziyang's report. They point out: Zhao's report showed that the theory offered by the CPC reformatory force is not radical enough or it represents, to a certain extent, a compromise with the conservative force.

First, the report suggests that "an economy with different types of ownership be developed, with public ownership remaining predominant" and that "diverse forms of distribution be adopted, with distribution according to work remaining predominant." Certainly these ideas have provided a correct orientation for the economic reform. However, the two "predominant" factors are not clearly specified. What is the actual criterion for an economic factor to be counted as predominant? Is it 50 percent or 51 percent? In the modern Western economic structure, an economic sector which accounts for only 9 percent of the economy scale can sometimes be counted as a predominant sector. As for the questions of whether the public ownership suits China's present condition of productive forces, and whether today's China is economically ready to practice the principle of distribution according to work, the report has given no theoretical proof. Some people noted that the report tried to evade the issue, the very key point where a definite change is needed.

Second, with regard to the political structural reform the report suggests that "efforts be made to develop democratic politics on the premise of stability and unity." Here the report has ignored the fact that in a modern society, political stability and unity are linked to a sound democratic system. One of the root causes of "student

unrest" and other kinds of turmoil is the lack of democracy. This shows that in Zhao Ziyang's political framework, greater importance is attached to the current political order than to democratic politics. This tendency goes counter to the goal of the political structural reform.

Third, with regard to understanding the ideological struggle against some tendencies, the report has shown some retrogression. Evidence for this can be found in the report's explanation on the basic line for building socialism with Chinese characteristics: 1) It is stated that the "idea of bourgeois liberalization which advocates the capitalist system" is a "long-standing" one; 2) "opposition to liberalization" is defined as the aim of "opposition to rigidity;" and 3) the "bourgeois label" has been attached to "liberalization," while no label has been put on "rigidity." This means, in fact, that Zhao has again aroused confusion on a theoretical question that has already been solved—the problem of being "left in form but right in essence" and "left in name but right in reality." That is the very problem with the "13 May" speech.

Opinions vary in theoretical circles on the third point. Chinese official sources are always adept at applying dialectics to the elaboration of theories and policies. They never fail to mention both the positive and negative sides, and the left and right aspects of a question. But while talking of both aspects, they may place emphasis on one. And the crux lies in this emphasis. In practice however, they may act otherwise. This is a remarkable characteristics of Chinese politics.

When Zhao Ziyang met the press after the 13th National CPC Congress was concluded, he said that the main issue faced by China in the future was to carry out the reform, including both the economic and the political structures. These remarks show that Zhao Ziyang will resolutely carry out the reform no matter what happens.

Objective Formation of the Collective Leadership [sub-head]

On the afternoon of 2 November Zhao Ziyang, the newly elected general secretary of the CPC Central Committee, led the four newly elected members of the CPC Central Committee Political Bureau Standing Committee to meet more than 400 Chinese and foreign journalists who had covered the 13th National CPC Congress. At the press conference Zhao Ziyang impressed the whole world with his image. That afternoon, Zhao Ziyang was in very good form and was confident, calm, quick-witted, and polite. The four other members of the CPC Central Committee Political Bureau Standing Committee were a little pale in comparison to Zhao Ziyang.

Li Peng, as a typical technological bureaucrat, is a professional man capable of doing things very efficiently. However, that afternoon Li Peng gave people the impression that he lacked political views. It is true that China's veteran politicians and cadres' children have placed their hopes on Li Peng.

Qiao Shi is a man with mysterious color on China's political arena. It is obvious that Qiao Shi's actual strength has not yet been brought into full play.

Hu Qili looked like a junior politician probably because he used to be an All-China Students Federation cadre. Generally speaking, he is at the vanguard in the reform. However, in terms of personnel relations he still lacks a strong backing.

Yao Yilin has reached the peak both in terms of age and in terms of actual strength. He was once nominated as a candidate for the premiership but he declined the offer. This shows that he is sober-minded in his own judgement. He is politically mature and has a good work style. He feels happy to be ranked last among all the members of the CPC Central Committee Political Bureau Standing Committee.

Some people commented that Zhao Ziyang's political setup is not very mature and still lacks actual strength. Therefore Zhao Ziyang will have to move among the veteran politicians, and even among other members of the CPC Central Committee Political Bureau Standing Committee, so as to achieve the desired balance, win the support of the people concerned, and place himself in an advantageous position.

Other people commented that it is quite natural that the new Political Bureau does not consist of any old generation cadres who have experienced great storms and who have actual strength, talent, knowledge, and rich political experiences. The new Political Bureau is the product of political struggles and is the inevitable phenomenon to emerge in the period when the CPC is "changing blood." The new Political Bureau is objectively conducive to China's advancement, to further weakening the absolute authority, and to the democratization of the political and social life in China.

As far as the national conditions of China are concerned, the absolute authority will continue to exist in a relative sense. If there is no God, a God can be created. At present, and for a long time to come in the future, so long as it has the support of Deng Xiaoping, China's new leadership will continue to function without any problems. Moreover, the Political Bureau and the members of its Standing Committee are still shrouded in a thick feudalistic and patriarchal mist. Various forces are looking for their own successors. The CPC has stressed for many years that the leaders should be selected from the masses. However, not one of the leaders has not been hand-picked by the higher authorities. This situation has naturally brewed new political struggles. In China the CPC has always demanded that the ordinary Chinese people follow their political ideology. However, the CPC Central Committee has never unified its own political ideology. Zhao Ziyang said when answering questions raised by the foreign reporters: "It is my opinion that some differing views among our leaders, even among we five Political Bureau Standing Committee members,

may help to make our decisionmaking process more democratic and scientific. They serve as an important guarantee that we will make fewer mistakes and avoid serious errors." Zhao Ziyang's remarks can be regarded as frank and positive in nature.

It is quite difficult for the leadership of the CPC Central Committee to develop into a collective leadership. The collective leadership will only be formed through objective political struggles among the various major political forces within the CPC Central Committee, and cannot be formed in any other way or through any other channel.

The Difficulties Faced by Zhao Ziyang [subhead]

As far as the political procedure is concerned, Deng Xiaoping's withdrawal from the decisionmaking core can be taken as progress. However, people should understand that when the CPC makes its decisions on major political principles and policies, Deng Xiaoping will still have the final say. Zhao Ziyang will have to consult Deng Xiaoping on all the major issues. This also serves as the guarantee that Zhao Ziyang will be able to implement the principles of the economic and political structural reforms, which have been formulated by the 13th National CPC Congress. How much power Zhao Ziyang, as the General Secretary of the CPC Central Committee, has in all the major personnel arrangements is still unknown. This is because the old man monitoring the official business behind the hanging curtain is unlikely to relax his control over the organizational work. What is more, the Central Advisory Commission is still a fortress. Since the next NPC will be held soon, the veterans who retire from their party posts will certainly try to contend for some posts in the government.

In the ideological field at present, Deng Lihou can no longer play any role. However, Deng Lihou's replacement is presently attracting the attention of the ideological and political field. "Relaxing control in the economic field and strengthening control in the ideological field" is the general impression the CPC Central Committee has given to the ordinary people. Deng Lihou has left two nicknames in the former "Policy Study Office of The Secretariat" of the CPC Central Committee. As a result, those who support him call him "Big Dragon" (Deng Lihou was born in the year of dragon) while those who hate him call him "Old Qing" (which originates from the proverb: "So long as Qingfu is alive, the State of Lu will continue to have troubles!"). Now, the intellectuals are waiting to see where the big stick held in the hand which has replaced that of "Old Qing" will strike.

Hu Qiaomu, as a Central Advisory Commission Standing Committee member is still a state leader and is still in charge of management of the party history, party documents, and the big encyclopedia. Thus, Hu Qiaomu still controls almost one-third of the entire ideological field.

A pressing current matter is to reorganize the CPC Central Committee Propaganda Department, but it is difficult to choose the department head. If Bao Tong becomes head of the CPC Central Committee Propaganda Department, as far as overall arrangement is concerned it is unlikely that Zhao Ziyang will be able to benefit from that appointment. This is because among all those who are close to Zhao Ziyang, Bao Tong is the only one who knows the theories and has close relations with the reform theorists, and the head of the CPC Central Committee Propaganda Department has to speak in a bureaucratic tone. So it would be more appropriate to choose someone who is not so close to Zhao Ziyang but who is resolutely following Zhao Ziyang's line. Some people have recommended Gao Di, secretary of the Jilin Provincial CPC Committee, as a candidate for this post.

Zhao Ziyang has resigned as China's premier and has recommended Li Peng as the acting premier. Li Peng is also under a lot of pressure. China's national treasury is not full. After implementing the system of contracting output quotas to households in the rural areas, China is faced with the problems caused by shortages in supplies of seeds and chemical fertilizer. Therefore some people have suggested establishing associations (mutual aid teams) in the rural areas, but the peasants are strongly against this idea. In 1988 China will increase its grain imports. How to write next year's Document No 1 and whether it is possible to produce next year's Document No 1 has become a practical and super-political question. The load is really heavy for Li Peng.

Student Unrest in Beijing Discussed
HK101003 Hong Kong TA KUNG PAO in English
10-16 Dec 87 p 1

[By staff writer]

[Text] A responsible Chinese Government official has successfully staved off a wave of unrest that broke out in the University of International Business and Economics in Beijing by visiting the campus and initiating a direct dialogue with the students on 8 December.

A source said the students were satisfied with the promise of Vice-Minister Li Lanqing of Foreign Economic Relations and Trade to look into the murder of a 19-year-old sophomore and students' grievances concerning the poor management of the university, which is attached to the Trade Ministry.

The two-hour meeting between Li and some 2,000 students held in the school gymnasium heard demands for the dismissal of two leading personnel of the university who were allegedly responsible for the death of Zang Wei. Zang was a student majoring in economic management.

Zang was stabbed to death in a campus store in a quarrel with two off-campus 'hooligans' on the evening of 5 December. One report says Zang tried to stop the outsiders from stealing apples. He died in the Sino-Japanese Friendship Hospital the following morning.

The two suspects for the murder, Ma Qingjun and Wang Yanjun, were arrested the next day.

Vice-Minister Li visited the university again on 9 December in a bid to gather more complaints from the students.

It is learned that a memorial service for Zang was held in the campus on 9 December, attended by students as well as the faculty.

A spokesman for the university said the campus has been calm since Li's visit.

The campus unrest erupted on 7 December when 1,000 angry students marched to the office building of the Ministry of Foreign Economic Relations and Trade to protest against the inaction of the campus security personnel and demand stern punishment for the murderers. At the entrance to the ministry, Minister Zheng Tuobin and Vice-Minister Li Lanqing were on hand to hear the students' complaints and offer promises that their demands would be referred to the judicial authorities as soon as possible.

This is not the first incident provoked by unruly ruffians from the outside, a student said.

Protesters were incensed that Zang did not receive prompt medical attention when he was taken to the school clinic. He was kept there for a long time before being transferred to the hospital, according to another student.

Campus grievances have been brewing for some time, informed sources told TA KUNG PAO. The recent protest was only an outburst of pent-up unhappy feelings caused by poor living conditions, canteen service and medical care as well lax campus security.

The students made it clear, however, they had no intention of staging a political demonstration. What they could not tolerate was the bureaucratic management of the university.

Sources quoted the students as saying that the media lost no time in covering the incident, for which they were grateful.

LIAOWANG Interviews Supervision Minister
HK111401 Beijing LIAOWANG in Chinese No 48,
30 Nov 87 pp 14-15

[Article by Lin Hai (2651 3189) and Shi Chaoxu (4258 26002485): "The More We Do in Reform and Opening Up, the Greater the Need To Strengthen Administrative Supervision—an Interview With Wei Jianxing, Minister of Supervision"]

[Text] On the eve of the closing of the 13th CPC National Congress we interviewed Supervision Minister Wei Jianxing in the Guoyi Guest House. In a conversation lasting nearly 3 hours he discussed the heavy responsibility the ministry assumed in upholding and enforcing administrative discipline and strengthening administrative supervision, and its current thinking about the future in the new situation of accelerating and deepening reform and opening to the outside world. He also briefed us on the ministry's achievements since its founding last June.

Born in Xinchang County, Zhejiang Province, 56 years ago, Wei Jianxing graduated from the Dalian Engineering Institute and was later sent to the Soviet Union to study enterprise management. Before assuming office as supervision minister last June, he held the posts of senior engineer, factory director, mayor of Harbin City, vice chairman of the All-China Federation of Trade Unions, and deputy director of the CPC Central Committee Organization Department.

Supervision and Inspection Is a "Systems Engineering" Undertaking [subhead]

Wei Jianxing started his conversation with the 13th Party Congress Report. He said: On seven occasions the report states that in the new situation of reform and opening to the outside world, it is necessary to strengthen supervisory work. This is one of the important tasks in reforming our country's political structure. The report's thesis on the initial stage of socialism provides the groundwork for supervisory and inspection work. Our country's productive forces are backward and there are still many inadequacies in our economic system. The influence of vestiges of bureaucratism and feudalism on government functionaries is far from being eliminated. In the wake of opening to the outside world, bourgeois ideological corrosion in the cadre ranks is also unavoidable. Especially at present when our reforms are still in a process of exploration and continued improvement, and a new structure is being substituted for the old one, each colliding with the other, a small number of people may take advantage of loopholes in the current reform due to inadequate coordination in our reform measures. Under these circumstances, a few government functionaries may fail to go through the trials of reform and opening and violate the law and discipline, such as through corruption and bribe taking, embezzlement, leaking or selling of state economic information, and dereliction of duty. If these people are not dealt with

according to law this will certainly affect and hinder the smooth progress of reform and opening to the outside world. Therefore, we should thoroughly understand and firmly grasp the basic line characterized by one center and two basic points, and correctly handle the dialectical relationship between reform and opening up on the one hand and supervision and inspection on the other. In building socialism with Chinese characteristics we must simultaneously grasp construction and reform as well as supervision and inspection. The more we do in reform and opening up, the greater the need to strengthen supervision and inspection. This precisely and concretely embodies the idea of "simultaneously grasping construction and the legal system" which Comrade Deng Xiaoping stressed.

Wei Jianxing went on to say: Supervisory work is a systems engineering undertaking which involves many areas of endeavor. In addition to administrative supervision by the Ministry of Supervision under State Council leadership, there is also party discipline inspection; judicial departments' legal supervision; and administrative and economic supervision in the auditing, banking, industrial and commercial, pricing, tax, and customs departments and, more importantly, the supervision of government departments and functionaries by the masses.

So long as all parties concerned give full play to their supervisory role, leave no loopholes for those who would violate the law and discipline to capitalize on, and promptly punish those violating the law and discipline, we are bound to move ahead smoothly with our reform and opening up. The Ministry of Supervision will establish closer ties and strengthen cooperation with all quarters concerned and perform its own duties well.

The Ministry of Supervision and the Central Discipline Inspection Commission Have Separate Duties To Perform [subhead]

Talking about the division of work and cooperation between the ministry and the party's discipline inspection commissions after separation of party and government functions was achieved, Wei Jianxing said: "Because the government's administrative supervisory structure has only just been restored, and while paying close attention to improving the party work style and discipline, discipline inspection commissions at all levels have played an important role in upholding and enforcing administrative discipline. According to statistics, 70-80 percent of cases investigated and handled by the Central Discipline Inspection Commission were violations of administrative discipline. After the functions of the party are separated from whole of the government, discipline inspection commissions will no longer handle cases of administrative discipline violations, and the discipline inspection units in some departments will be disbanded. However, many of our administrative personnel are party members. Therefore, in handling certain cases we should keep in close contact with the Central

Discipline Inspection Commission and discipline inspection departments at various levels to ensure support and cooperation from the party's discipline inspection departments, because the problem of party work style and discipline and that of administrative discipline may intersect with each other. If the Ministry of Supervision discovers that some party-member cadres violate both administrative and party discipline it will not only take administrative disciplinary action against them, but also suggest that the party's discipline inspection departments handle their cases according to party discipline. Conversely, in handling cases of party discipline violations if the party's discipline inspection departments discover that Communist Party members who are state functionaries have also violated administrative discipline, they will also inform the supervision department and suggest that they be given the appropriate punishment."

Drafting the "Provisional Regulations on Administrative Sanction Against Bribery and Corruption Is Under Way [subhead]

Wei Jianxing laid particular stress on the important role of administrative legislation in supervisory work. He said: Very great progress has been made in building the legal system but administrative legislation is comparatively weak. Some government organizations overlap, are overstaffed, and handle official business in a dilatory way, paying no attention to efficiency. Affected by bureaucraticism, some cadres abuse their power, take bribes, and bend the law. One important reason behind this state of affairs is that our legal system is imperfect.

According to Wei Jianxing his ministry is drafting the "Provisional Regulations on Administrative Sanction Against Bribery and Corruption" in accordance with the State Council plan. He said: Since the introduction of reform and opening up to the outside world, one striking manifestation of law and discipline violations by a small number of government functionaries has been corruption, bribe-taking, and embezzlement. Moreover, they have become more and more crafty in so doing. Some have even amassed large fortunes. According to the present legal provisions, the property obtained through corruption and bribe-taking should be handled according to the law. However, some cadres have abused their power to obtain inappropriate benefits or advantages other than money, such as sending their children to other countries and asking for better housing conditions. The bad impression created by this behaviors cannot be measured in terms of money. Therefore when enacting any laws in the days ahead, we should take these factors into consideration.

According to Wei Jianxing, apart from the "Provisional Regulations on Disciplinary Sanction Against Bribery and Corruption," they are also working on draft administrative laws and regulations such as the "Regulations

on Supervisory Work" and the "Regulations on Disciplinary Sanction Against Dereliction of Duty by Government Administrative Personnel."

Concentrate on Investigating and Handling Cases Involving Foreign-Related Economic Contracts [subhead]

"People say that since its founding, the Ministry of Supervision has focused its work on investigating and handling violations of the law and discipline in economic activities with other countries. Would you tell us something about recent developments?" we asked him.

Wei Jianxing said in reply: Investigating wrongdoings in economic intercourse with other countries started last July. Not long ago Comrade Zhao Ziyang instructed: The problems in foreign-related economic activities are of serious proportions. The Ministry of Supervision should concentrate its forces on investigating and handling cases of bribe extortion, bribe-taking, the sale of economic information, and dereliction of duty in economic intercourse with foreign countries. To carry out Comrade Zhao Ziyang's instruction and to give a bigger push to the clean-up, in October the ministry invited people from 51 ministries, commissions, and related general companies to a forum. The ministries, commissions, and companies concerned have set up their own groups for leading the clean-up. After checking several hundred thousand foreign economic contracts they found some problems and questionable points, some of which were further investigated and handled. According to instructions from State Council leading comrades, we should concentrate our forces on handling several cases well this year.

Wei Jianxing also said: In checking foreign-related contracts the ministry will pay attention to exchanging information and taking coordinated action with the industrial and commercial, tax, customs, banking, and auditing departments, and strengthen cooperation with judicial departments.

Train Well-Qualified Supervisory Force As Soon As Possible [subhead]

Setting up and perfecting administrative and supervisory organs at all levels and establishing well-qualified supervisory forces in all parts of the country in the shortest possible time are urgent tasks before us at present," said Wei Jianxing.

While talking about matters pertaining to Ministry of Supervision organization Wei Jianxing said: Today, most provinces, municipalities, and autonomous regions have set up their own departments and bureaus of supervision, and the city and county level organs of supervision are now under construction. According to State Council requirements organs of supervision at various levels throughout the country should have been established by the end of this year. In terms of the

current situation I am afraid there will still be some difficulties in achieving that goal. However we should strive to have organs of supervision established in some key cities such as the coastal open cities, the eight cities practicing a scheme under which their economic and social development plans are listed separately in the state plan, and the provincial cities before the end of this year. With the exception of the Ministry of Foreign Economic Relations and Trade where a bureau of supervision has been set up, the establishment of similar organs in other ministries and commissions under the State Council will be gradually defined as the structural reform develops.

When discussing the question of training supervisory cadres Wei Jianxing said: A supervisory cadre must be honest and upright, adhere to principle, enforce the law impartially, and seek truth from facts. He must also be capable of resisting the interference of unhealthy tendencies and at the same time, he must give top priority to the improvement of professional competence. Recently, when making inquiries about the work of the Ministry of Supervision, Comrade Zhao Ziyang said: Efforts should be made to gather and train a group of experts capable of monitoring and dealing with foreign economic activities. For this purpose, in the course of setting up organs of supervision, we should recruit comrades who are relatively sound politically, professionally knowledgeable, capable of handling cases, and highly qualified in such areas as foreign trade, finance, statistics, law, and science and technology.

Wei Jianxing said: The state's administrative supervision structure has just been restored and cannot be perfected overnight. Moreover, new problems may crop up in the course of reform and opening up and they need earnest solutions. Therefore, with regard to how we carry out supervisory work in the future, we should make uninterrupted explorations in practice. The duties of the supervision department are mainly to monitor the performance of government departments, government functionaries, and government-appointed leading cadres in state-owned enterprises. A serious study is required on the question of whether the performance of large numbers of working personnel in township and town enterprises, and the Chinese personnel in Sino-foreign joint ventures and cooperative enterprises, should be monitored. However, no matter what new problems may crop up in the days to come one thing is certain, and that is that supervisory work is aimed at better guaranteeing and promoting the healthy development of reform and opening up.

Commentator Views Tasks for CPC Members
HK110841 Beijing JIEFANGJUN BAO in Chinese
2 Dec 87 p 1

[Commentator's article: "Communist Party Members Should Be Able To Stand Two Tests"]

[Text] The report of the 13th CPC National Congress points out: "Our party is a party in power, and we must be able to stand the test of being in power; our party is

now leading reform and opening up, and we must also be able to stand the test of reform and opening up." To gain a clear understanding of the two tests and be able to stand the two tests is a main task for party building in the new period and a prime problem for all communist party members to solve in the magnificent cause of building socialism with distinctive Chinese characteristics.

How can we successfully implement the spirit of the 13th CPC National Congress and solve this problem? First, it is necessary to gain a clear understanding of the seriousness of the two tests facing communist party members. After seizing the state power, our party became the leading force. This change created favorable conditions for the development of the undertakings led by the party and for building the party itself, enabling large numbers of party members to work harder and serve the people wholeheartedly. On the other hand, it has also made some people feel proud, thinking that since they hold power they no longer need to rely on the masses. As a result, the trend of being divorced from the masses has emerged. Some people have even regarded their power, which is entrusted to them by the people, as a tool for seeking private interests. Since the policy of opening up to the outside world and enlivening domestic economy was adopted, the broad masses of communist party members have emancipated their minds, blazed new trails, and worked actively and sincerely for the people. However, there are also some weak-willed people. Being influenced by the decadent bourgeois ideology and style and by egoism, they have been "looking for money everywhere." Some of them have even used the loopholes in certain systems to seek private gains at public expense and to commit crimes in collaboration with lawless persons in society. The work report of the Central Discipline Inspection Commission to the 13th CPC National Congress disclosed that from 1982 to 1986, more than 650,000 party members who had violated discipline were punished. Among them, more than 150,000 were expelled from the party. Not only were ordinary party members punished but also some members holding senior posts. They had seriously undermined the flesh-and-blood relations between the party and the masses of people, obstructed the smooth progress of the four modernizations drive, and damaged the high prestige of the party. Practice proves that to fail to realize the seriousness and harmfulness of problems is even more harmful than the problems themselves. We must understand more clearly that whether we can stand the two tests is a matter concerning the destiny of our party and our nation. Needless to say, it also directly concerns the future and destiny of every party member.

In the new historical period, it is necessary to emphasize the question of strengthening party spirit among all communist party members, especially among the comrades in leading posts. Strengthening party spirit means establishing a firm idea of fighting for communism and serving the people wholeheartedly. We must not hesitate at any time to sacrifice some of our personal interests for the interests of the state and the people. This seems to be

an old tune that we have often played, however, without this spirit, we will be unable to stand the two tests. The fundamental task for us in strengthening party spirit is to conscientiously remould our ideology. "Only when we stand firm can we check unhealthy trends." Only when we make great efforts to change the old concepts that do not suit reform and opening up can we overcome all kinds of non-proletarian ideas and boldly stand in the forefront of reform, and can we build a strong barrier in our minds to resist the corrosive influence of all decadent ideologies. Those who have been corrupted in the course of opening up and reform all have something in common, that is, they have all set a low demand on themselves and have slackened their effort in ideological transformation. Some of them did have faith in communism once, taking "serving the people" as their code of conduct and fighting for it. Unfortunately, since they have gradually forgotten what they are, they have turned a blind eye to the erroneous trends and excuse their own mistakes. Finally, they became corrupted and incurable. This proves what our ancestors said: "It is difficult to do something good, but it is easy to do evil." At one time, some people had a strong aversion to the mentioning of remoulding ideology or even regarded it as the same as making people suffer. This is not correct. It is certainly necessary to oppose the practice of making people suffer under the name of remolding ideology. However, "in our socialist society, everyone needs to remold ideology." Just as Comrade Zhou Enlai often said: One is never too old to remold ideology. We must never negate ideological remolding for fear of making people suffer, because this is a natural demand of social development.

In the party's political life, while promoting ideological remolding and strengthening party spirit, it is particularly important to establish and perfect a necessary system of democratic supervision. In our party, the level of consciousness of the party members varies from one person to another. Some party members have paid more attention to setting high demands on themselves. But even these members may also slide down if they do not place themselves under the supervision of the organization and the masses. Supervision is more necessary for those who do not set a high demand on themselves. Comrade Chen Yi pointed out in a poem that "under the supervision of the party and the people, it is difficult for one to make mistakes without being punished." Supervision is the "jinx" for corruption. Being a communist party member, one should be bold in supervising others in the interest of the party and should also conscientiously accept others' supervision. However, some party members, especially some leading cadres, are afraid of being supervised. They either adopt the policy of nonrecognition and refuse to accept criticisms or attribute all mistakes to objective causes, turning big problems into small problems and small problems into no problem at all. They try to conceal their faults for fear of criticism and do not try to set a higher demand on themselves. There are still some leading cadres of the party who always make selections when accepting supervision. They can accept the opinions of their superiors and

friends and certain less important opinions from colleagues and subordinates, but they can never accept sharp criticisms from others. In this regard, apart from gaining a correct understanding of this question, it is also necessary to strengthen mutual supervision among the leading cadres. Comrade Deng Xiaoping pointed out in 1962: "The most important supervision for the leaders is supervision by the party committee." This is still of practical guiding significance today.

The CPC is a party armed with Marxism-Leninism and Mao Zedong Thought. The great majority of our party members have stood and are standing the test of being in power and the test of reform and opening up. Provided all communist party members strengthen party spirit, continue to develop the party's good traditions, set high demands on themselves, are honest in performing their duties, and encourage the right while opposing the wrong, they will surely be able to overcome all corrupt and negative phenomena and stand more severe tests. We have full confidence in this respect!

'Historic' Mission of Writers, Artists Viewed
HK100351 Beijing GUANGMING RIBAO in Chinese
27 Nov 87 p 3

[Article by Feng Mu (7458 3668): "New Historical Mission of Writers and Artists"]

[Text] At the 13th Party Congress, which was of historic significance, the CPC made a profound theoretical generalization on the great cause of the Chinese people since the 3d Plenary Session of the 11th CPC Central Committee, proposed the party's basic line in this stage, and formulated the basic principle and program for action in all-round reform. At this solemn tribunal, Comrade Zhao Ziyang issued on behalf of the CPC the call that will eventually lead the Chinese people to march toward a new historical stage: "Advance along the road to socialism with Chinese characteristics!"

To my mind, every patriotic intellectual, writer, or artist with a sense of responsibility cannot but explicitly heed that call in all sincerity: We support and admire this report, which is the crystallization of the wisdom of the whole party. We will enrich and arm our minds with the thinking in this report, with which we shall guide our actions, promote our practices in life and art, and exert all-out efforts to make our contributions to the entire socialist reform at each of our posts, especially to advance and develop socialist literary and art undertakings with Chinese characteristics.

In his report, Comrade Zhao Ziyang emphatically proposed, "It is imperative to exert our efforts to build spiritual civilization with the guidance of Marxism" and to improve the qualities of our ideology, ethics, science, and culture." This has set a new historical mission and requirement for literature and art workers, who form an important part of the building of spiritual civilization.

Raising people's spiritual attainments and cultural qualities is the lofty duty of all literary and artistic workers. History does not allow people to remain indifferent to this lofty duty. I believe that with every new advance in socialist construction and reform, we must also make corresponding progress in our socialist literature and art undertakings of an opening-up nature worthy of the new progress of our times. The accomplishment of such progress requires each one of our literary and artistic workers to attain still higher levels of consciousness, enthusiasm, and creativity. This, in turn, requires us to acquire a spirit of participation in, and devotion to, reform and opening up to the world. This also sets the requirement that writers and artists should not be outsiders and onlookers of reform, but that they should plunge themselves into the torrents of reform and work hard to change themselves into the participants, practitioners, and promoters of the ongoing great undertakings of millions upon millions of people.

Thus, a task involving doubled arduousness is proposed to the literature and art field. First, we should reflect and describe reform to promote it with creative work in art full of passion, not simply and superficially reflect the process of reform. By taking the position of reformers, we should reflect this great socialist practice of the Chinese people and the spiritual feature of the reformers, as well as the rich and arduous struggles they are waging. It would be very difficult to achieve this without a spirit of "taking construction as one's responsibility and sharing the fate of reform." At the same time, the literature and art field is facing an urgent task of improving the quality of ideology and art of its own contingent. If the literature and art field failed to conduct effective reform, further emancipate and develop the productive force in the realm of art, and give play to the tremendous creative potentials, it would be impossible to give profound and ample expression of our great cause of reform.

Confronting this solemn historical mission, we must perform much arduous work.

Confronting the voluminous work ahead of us, I find that the focus and pressing matter of the moment of all our work is perhaps improving the quality of ideology and art of the literary and artistic contingent, as well as the quality in the creation of literature and art, and offering voluminous works of literature and art of a high level of ideology and art to meet the people's ever-growing and heightening cultural needs. Comrade Zhao Ziyang pointed out: "The chief contradiction facing us at the present stage is the contradiction between ever-growing material and cultural needs and backward social production." I believe this judgment is very correct. The situation in the literature and art circles has been excellent. They have continued to make progress and have prospered as in other fields since the founding of the PRC, especially since the 3d Plenary Session of the 11th CPC Central Committee. The scenes of prosperity in creativity, active thinking, and rising of talents over the past 9 years have been witnessed by all. However,

compared with the great socialist practices carried out by millions upon millions of people, with the great historical changes for which they are striving in the thirst for fine spiritual food, the artistic fruits we have offered them are obviously far from sufficient, and the existing gap is easily marked. Therefore, on the basis of summing up our experiences, we must firm up our confidence, brace up our spirit, see clearly, and grasp the ongoing trend that has pushed forward the drastic progress in history. We must widen our vision, develop new concepts, enter a new plane, and give full play to our passion and potentials in creation. We must exert still greater efforts to improve the qualities of the literary and artistic contingent in ideology and ethics, as well as literature and art. We must create more high-quality works of art that are exquisite, profound, and truthful in greater variety—breathing the same air with the masses.

To achieve this, I think that every one of our literary and artistic workers should first consciously and earnestly study the brilliant ideas and profound theory proposed by the 13th Party Congress. They should absorb strength from its spirit, as well as the boundless and rich sources for creation from the undertakings of construction and reform. Only then will it be possible for us to answer, full of pride, the people's call. We will make progress together with the times, with the 1 billion Chinese people along the road of socialism with Chinese characteristics, while pushing forward the building of socialism with Chinese characteristics in the great cause of reform.

More Literature on On-Going Reform Sought
OW102133 Beijing XINHUA in English
1621 GMT 10 Dec 87

[Text] Beijing, December 10 (XINHUA)—Political developments in China this year, especially the advance of the theory of primary stage of socialism at the Communist Party congress, have re-inspired Chinese writers, said Tang Dacheng, an official from the Chinese Writers Association.

Speaking at the sixth session of the association's fourth presidium which opened here today, Tang believed that most Chinese writers will follow enthusiastically the present social changes arising out of the reform policies and opening to the outside world.

Tang, who is a member of the association's secretariat, said the volume of this year's literary creations was higher than last year but the quality was only so-so.

He said very few quality works dealt with the on-going reforms of China's economy and political system or the repercussions of those reforms in society.

He said to encourage writers to delve deeper into social realities the association has organized seminars for writers and entrepreneurs. More than 100 writers took part.

"The writers and entrepreneurs deepened their mutual understanding through these activities," he said, "and they hoped such exchanges would continue."

He also said the association has organized 60 writers to visit remote areas of the country, coastal economic zones, and revolutionary bases.

Tang said the China Literature Foundation under the association has raised seven million yuan to support China literary causes since its founding in June 1986.

The session which opened today will focus on the reform of the association and targets for next year.

Ba Jin, chairman of the association, requested an absence on account of his advanced age and poor health. He sent a congratulatory letter to the conference.

Attending the meeting were Vice Chairmen Wang Meng, Feng Zhi, Feng Mu, Ai Qing, Liu Binyan, Sha Ding, Lu Wenfu, Zhang Guangnian and Chen Huangmei.

Paper Urges Media to Stress Economic Growth
OW110155 Beijing XINHUA in English
0715 GMT 10 Dec 87

[Text] Beijing, December 10 (XINHUA)—Today's "PEOPLE'S DAILY" stressed party leader Zhao Ziyang's statement at the recent national party congress that "China has to uphold the spirit of plain living and hard struggle, and build the country through thrift and hard work."

"China's media has the responsibility of publicizing and promoting this policy," the paper stressed, adding this goal can only be accomplished by presenting an accurate, multi-sided view of the country's current conditions, which will facilitate steady, systematic economic development.

Today the paper cited the Chinese press for indirectly encouraging people to spend more, and urged reporters to present a clearer picture of China's overall economic situation.

"Although China's reform and open policy have made great achievements and the country's standard of living has improved noticeably," the paper explained, "some reporters are still too eager to cover only those wealthy households and villages, and list the number of color TV sets, double-door refrigerators and twin-tub washing machines purchased."

"This style of reporting gives readers a false impression of the country's overall standard of living," the paper said, "and suggests China is now up to the economic level of moderately-developed countries."

According to the paper, this kind of reporting can set individuals in competition with each other, and sometimes without consideration of their financial ability, families will buy unnecessary, impractical, expensive products.

By using these reports to gauge production, manufacturers can receive inaccurate consumer information which results in production changes not compatible with the country's raw material and energy supplies. For example, some factories have stopped producing single-door refrigerators in favor of double-door models, and now such a switch far exceeds the capability of raw materials and power supply.

Lastly, these reports provide only one side of the country's current situation and are an unsound basis on which leading departments can analyse the situation and make decisions.

Satellites Play Vital Role in Economy
OW101604 Beijing Domestic Service
in Mandarin 0900 GMT 10 Dec 87

[Text] According to a JINGJI CANKAO BAO report: So far, China has launched 21 man-made satellites of various types, which play an important role in our economic construction.

The man-made satellites play a great role in China's petroleum prospecting, land surveying, seismological and geological studies, geographical distribution of industrial and communications projects, archeological studies, environmental pollution monitoring, assessment of agricultural harvests, monitoring of natural disasters, communications, radio broadcasting, and television reception, and in the field of material development in outer space.

For instance, the Shoudu Iron and Steel Company took advantage of satellite photos in prospecting 160,000 square kilometers of land around Beijing, and discovered seven prospective mineral deposits. A satellite photo showed that the site for a planned electric power plant in Shanxi was in a fault zone and the problem was verified after further survey. The power plant was relocated to prevent great investment losses. Satellite photos helped rationalize the planning of the double tracking of the Guangzhou-Hengyang Railroad, and thereby helped save a large amount of money. Satellite photos also showed that some sections of the Baoji-Chengdu Railroad are in fault zones, providing a scientific basis for improving the railroad.

China has also reaped tremendous economic benefits by using weather satellites in weather forecasting, particularly for forecasting disastrous weather conditions. For instance, the weather department provides daily maritime weather forecasts based on data from the satellite cloud chart and helps reduce losses in both coastal and interior areas.

At present, the two stationary experimental communications satellites successfully launched by China have begun relaying the transmission of digital data, analog telephone messages, television and radio programs, radiophoto transmissions, and graphic facsimiles.

After launching two recoverable satellites, one on 5 August and the other on 9 September this year, the Chinese Academy of Sciences and other research organizations conducted 80 material processing and biological research projects in space under zero or very low gravity conditions. Success was made in melting and recrystallization of various semi-conducting crystals, smelting and solidification of difficult to mix alloys, liquid-phase separation and analysis of materials, and [word indistinct] test.

Tian Jiyun At Groundbreaking for Highway
OW111012 Beijing XINHUA in English
1121 GMT 10 Dec 87

[Text] Beijing, December 10 (XINHUA)—The construction of the Beijing-Tianjin-Tanggu expressway started here today, with Vice-Premier Tian Jiyun attending the opening ceremony.

The 143-kilometre expressway will stretch from Beijing to Tanggu, the port city of Tianjin.

According to an official of the joint corporation responsible for the construction work, the expressway will be designed for vehicles to run at a speed of 120 kilometres per hour.

The corporation will also set up a traffic monitoring system, toll gates, a lighting system, maintenance facilities and a communication system, he said.

The present highway from Beijing to Tanggu is one of the most crowded in northern China. It takes more than four hours for cars to run from Beijing to Tanggu.

Scheduled for completion in 1990, the expressway will boost north China's economy and speed the development of foreign trade links.

The official said that the state would invest more than 800 million yuan in the project, including 150 million U.S. dollars in loans from the World Bank.

The bidding for the project was won by one Sino-French construction group and three Sino-Japanese groups.

The Chinese side will be in charge of the majority of the project, involving more than 95 per cent of the total investment, while the foreign partners will be mainly responsible for technology and management.

Song Jian Meets Computer Experts at Exhibit
OW111210 Beijing XINHUA in English
1145 GMT 10 Dec 87

[Text] Beijing, December 10 (XINHUA)—Chinese State Councillor Song Jian met here today with Chinese and foreign experts attending the second Beijing international symposium and exhibition on computerized information retrieval, which opened here Monday.

Song, who is also minister in charge of the state Science and Technology Commission, told the experts that the Chinese Government will support various industries to set up databases in the coming years.

In database development, he said, China will follow a more open policy in order to carry out extensive international cooperation.

Some 90 experts from 12 countries and regions are attending the symposium and exhibition, which focuses on database development and information needs in China. Chinese and foreign experts have presented 35 theses while 22 firms displayed 34 systems.

China, for the first time, showed foreign experts Chinese-English computable online information retrieval system, microcomputer retrieval system, microcomputer-based multi-purpose information processing system, Chinese character automatic indexing system as well as bibliographic, factual and numerical databases.

Ji Pengfei Meets With University President
OW111130 Beijing XINHUA in English
1117 GMT 11 Dec 87

[Text] Guangzhou, December 11 (XINHUA)—Ji Pengfei, director of the Hong Kong and Macao Affairs Office of the State Council, who is attending the sixth meeting of the Hong Kong Basic Law Drafting Committee here, met with Paul T. K. Lin, president of the University of East Asia, Macao, today.

They held talks on the training of qualified personnel for Hong Kong and Macao.

Paul T. K. Lin is here on a special trip to call on Ji Pengfei.

Finance Minister on Rise in State Revenue
OW102141 Beijing XINHUA in English
1525 GMT 10 Dec 87

[Text] Beijing, December 10 (XINHUA)—China has achieved the financial muscle in the last nine years to continue developing the economy and maintaining the reform drive, Wang Bingqian, state councillor and minister of finance, said today.

Revenues have risen remarkably with the expansion of production and circulation of goods, Wang told a national financial meeting.

Domestic revenues last year reached 218.4 billion yuan, nearly double the 112.1 billion yuan in 1978.

The income outside the budget was 173.7 billion yuan in 1986 as against 34.7 billion yuan in 1978, Wang said.

Financial departments have pooled funds to develop agriculture, energy, communications, science and education—the key sectors in the state economic development strategy, Wang said.

Between 1979 and 1986, the state budget provided a total of 460 billion yuan to these sectors, accounting for about 40 percent of the total state spending.

Of these, 116.7 billion yuan went to agricultural development, 141 billion to energy and communication projects; and 201.6 billion yuan to science and education.

The state has also spent heavily to boost rural production and improve the lives of rural and urban residents.

Between 1979 and 1986, the state spent 607.8 billion yuan in price adjustments of farm and side-line products, rural tax cuts, employment, wage hikes, bonuses and awards, subsidies for non-staple foods for urban residents, and housing construction.

"It is not easy to do all these when the state budget has been fairly tight", the state councillor pointed out.

The state financial departments have also made contributions to the utilization of foreign funds and economic and technical cooperations with foreign countries, Wang said.

They have borrowed 19.58 billion U.S. dollars in the past nine years.

China has 650,000 financial workers compared with 225,000 in 1978.

Micro-computers and other modern means of management have been introduced. A financial and taxation information system is also in the making, Wang said.

RENMIN RIBAO on Reflecting Consumption Level
HK110215 Beijing RENMIN RIBAO in Chinese
10 Dec 87 p 1

[Commentator's article: "Correctly Reflecting the Consumption Level of the Masses"]

[Text] An item was carried on the front page of the 30 November RENMIN RIBAO on the Industrial and Commercial Bank sending a message to a refrigerator

manufacturing plant. What did this message say? First, the shift to manufacturing luxury high-quality refrigerators in a hurry does not meet China's national conditions; second, based on the consumption level of the Chinese people and the conditions of power supply, the "craze for refrigerators" should be dampened.

It is extremely important to correctly reflect China's national conditions and the consumption level of the masses. This matter should catch the attention not only of planning and information departments, but also of comrades who are engaged in journalism and propaganda work.

Without doubt, great accomplishments have been scored in reform and opening up to the world, and the people's living standards have improved greatly over the past few years; there is no problem devoting ample coverage to this. The question is, some of our comrades are especially enthusiastic about covering well-to-do households and villages, whose living standards are far above average; moreover, they have indulged in citing figures of color television sets, double-door refrigerators, and sophisticated laundry machines. It seems that without doing so, they would be unable to well reflect the improvement in people's living standards; meanwhile, the accumulation of such coverage has objectively resulted in giving a false impression: It seems that the living standards of the Chinese people are close to those of some moderately developing nations.

News reports also serve as guidance. Such inappropriate coverage may lead to all kinds of negative effects. First, it will whet people's material desire and lead to their comparison with others. Many people "would rather starve than lose face," and they will purchase impractical high-quality consumer goods simply as adornments in their homes, regardless of their financial and living conditions. Second, they have sent false information to industrial enterprises. For example, many refrigerator manufacturing plants have stopped producing single-door refrigerators as the presumed consequence of selection, while double-door refrigerators are manufactured in the main. As a result, the rate of conversion in the direction of "great capacity and multiple functions" has greatly exceeded the growth in consumption level as well as the bearing power of China's raw materials and power supply, thus aggravating the contradictions in all respects. And third, it will provide impractical and one-sided grounds for relevant leading organs in analyzing the situation and formulating policies. In fact, some improper reports helped increase the momentum of the wave of pursuing high-quality consumer goods unsuitable to the national conditions and the people's conditions in China.

In his report to the 13th Party Congress, Comrade Zhou Ziyang proposed: "It is imperative that we persist in the principle of arduous struggle and building the nation through thrift and hard work." It is an important duty for journalists to propagate and implement this principle

well. Correct and all-round reflection of the consumption level of the masses and correct guidance of consumption based on China's national conditions will be favorable to implementing this principle and to maintaining the momentum of the long-term steady economic growth of China.

Incentives To Encourage Pork Production
OW101113 Beijing XINHUA in English
0725 GMT 9 Dec 87

[Text] Beijing, December 9 (XINHUA)—China's larger cities are taking steps to encourage more farmers to raise pigs to alleviate shortages in pork supplies.

Beijing, Shanghai, Tianjin and other big cities recently started rationing pork as a result of increased consumption, fewer farmers raising pigs because of the high cost of fodder and purchases from other provinces.

Supermarkets and free markets in these cities still have ample supplies of pork, but at higher prices.

In Shanghai, China's largest commercial center, local residents can choose from 200 tons of aquatic products every day, which is 50 percent more than before the city started rationing pork. Local markets are also well-stocked with eggs, vegetables and non-staple foods.

One retired worker said, "We are not worried about pork rationing, because we still have a wide range of other foods to choose from."

"We know the rationing is only temporary," a secondary school teacher said, "and because the city is getting more pork from Sichuan and Hunan Provinces, we hope the current situation will not last too long."

The Shanghai Municipal Government has also increased fodder supplies, granted subsidies to farmers raising piglets, and is developing better breeds.

Tianjin, a north China port, has urged its suburban districts and counties to provide the city with 200,000 pigs before next March.

Kunming, the capital of Yunnan Province, has worked out cooperative agreements with 20 pork-producing counties and has plans to build a modern pig farm capable of raising 10,000 pigs.

New Enterprise Wage Structure Begins in 1988
OW110151 Beijing XINHUA in English
0707 GMT 10 Dec 87

[Text] Beijing, December 10 (XINHUA)—Next year, all large and medium-sized enterprises in China will institute a piece-rate system for wages marking a further step towards the eventual elimination of the fixed wage system, today's "PEOPLE'S DAILY" reported. This will affect more than 12,000 enterprises.

According to the paper, a recent forum of the State Economic Commission on the contracting system of enterprises said that wages and bonuses will in future be closely linked to the economic performance of enterprises. Workers will be paid on a piece-rate basis but the wages will also be linked to work load, working efficiency and the quality of products produced. This will stimulate initiative of the workers, the paper said.

When implemented this will abolish the system under which workers get paid a fixed wage based on time spent at work plus bonuses. This gives all workers a secure income irrespective of work effort, the paper said.

The process of wage reform in enterprises was started in 1985 following guidelines produced by the State Council. Since then, the practice of linking wages to economic performance has been tried in 3,050 large and medium-sized enterprises, about a quarter of the total of such enterprises, involving 12.92 million workers and staff members.

However, the paper warned the new wage system should conform to actual conditions of the enterprises, and should not be copied or applied mechanically.

Overall Economic Balance, Structure Viewed
HK100737 Beijing GUANGMING RIBAO in Chinese
21 Nov 87 p 3

[Article by Wang Mengkui (3769 1125 1145): "Overall Balance and Structural Improvement at the New Stage of Economic Growth"]

[Text] Abstract: Being in proportion is the objective requirement of the development of social production. To maintain an overall balance between society's total demand and total supply, it is necessary to have a scale of construction congruous with the country's national strength and growth of society's purchasing power in keeping with that of production. Only when overall balance is based on a rational industrial structure can satisfactory economic results in society be achieved. The task of readjusting and reforming the structure of production is to continue to achieve industrialization and actively develop new industries. The steady development of agriculture and the readjustment of the structure of production in rural areas are the foundation for the steady, long-term development of the national economy and the precondition for the readjustment and reform of the entire structure of production. The construction of basic industries and infrastructure provides the material basis for the shift of agricultural population to the nonagricultural sector and for the technological transformation of the national economy as a whole. Establishing a rational pattern of production is the foundation for guiding and regulating patterns of consumption. Only by deepening the reform can an overall balance and structural improvement be achieved. [end abstract]

Since economic readjustments and reforms were carried out in 1979, the issue of the structure of production has attracted more and more attention. In his report to the 13th CPC National Congress, Comrade Zhao Ziyang put the readjustment and reform of the structure of construction in a striking, important position crucial to the overall situation of the national economy, regarding it as an important principle to realize the economic development strategy in the new period. He also incisively expounded the relationship between the attainment of an overall economic balance and the improvement of the structure of production, and the special significance and basic orientation of the readjustment and reform of our country's structure of production, thus further deepening our understanding of the issue.

I.

Being in proportion is the objective requirement of the development of social production. This objective requirement cannot be abolished by changes in the socioeconomic system and the economic management system, but the thing that can be changed is the form of its realization. By balance, we mean meeting the proportional requirements of social production and reproduction. The proportional relations between and the balance of the various sectors of the national economy are a complicated system, which can be studied from different angles and levels. From the viewpoint of the macroeconomic management of the entire economy, the balance between society's total demand and total supply is the most succinct summary and is of the greatest importance. Maintaining an overall balance in this respect is the key to the sustained and stable development of the national economy. Based on long experience and the experience gained in economic development over the last few years, the report [by Zhao] emphatically stresses: It is necessary to determine a rational overall scale of investment in fixed assets in society and to define the growth rate of consumption for everyday life. In other words, the scale of construction must be in keeping with the country's national strength; this holds true for society's purchasing power and the growth of production. In a commodity economy, the balance between society's total demand and total supply is manifested in the balance of the magnitude of value whose important indicator is that the currency supply should be suited to the normal growth of the economy. In an open economy, the rough balance between foreign exchange revenue and expenditure is of great significance to the steady growth of the economy. Practical experience over the years has shown that if the overall balance of the economy is effectively improved, and both a balance in finance, credit, foreign exchange, and materials and a rough balance among them are achieved, the national economy will develop steadily. On the contrary, if the overall balance is disrupted, this will certainly have disastrous effects, thoroughly shaking the sustained and stable development of the national economy.

True, imbalance frequently occurs as the national economy develops, and there is no absolute balance on earth.

However, it is still necessary to strive for a rough balance. Economic development cannot be separated from balance. By development, we mean development achieved while balance is maintained; and by balance, we mean balance achieved in the course of development. In the past, under the influence of "leftist" ideology, we denied that there were relatives in the absolutes and oversimplified the philosophical thesis of "imbalance is absolute, balance is relative." Without going through any medium, we applied the thesis mechanically and directly to economic construction and laid one-sided emphasis on the meaning of imbalance while denying the role of balance. We adopted the so-called strategy of "long-line [where supply exceeds demand] balance" and "taking steel as the key link" under which specific departments moved ahead in isolation in selected areas, resulting in a serious disproportion between different sectors. Consequently, we had to make repeated major adjustments to regain a balance in the national economy. The shift from the non-balanced development strategy that stresses moving ahead in isolation in selected areas to a balanced development strategy effected since the 3d Plenary Session of the 11th CPC Central Committee is precisely the outcome of summarizing historical experience in this regard. The guiding thought of taking the initiative promptly to remedy the imbalance in economic activities, and regularly making minor adjustments so as to avoid major adjustments that would have to be made in the event of a serious disproportion between different sectors, is the crystallization of the experience over the last few years. At present, when the scope of investment is overstretched, consumption funds are inflated, prices are rising considerably, and there are some destabilizing factors in economic activities, it is of great significance to stress this guiding thought.

II.

The overall economic balance is closely related to the economic structure. It is true that without overall balance there would be no economic stability, but only when this balance is achieved on the basis of a rational structure can good macroeconomic results be attained. The reasons for this are: First, society's total demand and total supply are a theoretical summarization at a high level, and their contents are extremely complicated. If the structure is not rational, overall balance may possibly conceal the imbalance really existing in the different sectors of the national economy. The coexistence of shortages and excesses is the outcome of an irrational structure. Second, the soundness of a structure determines the degree of balance and even the quality of economic growth. We cannot talk about structural rationalization in the absence of the overall economic balance. This is also true of a rational structural and overall economic balance.

Through several years of economic readjustments and reforms, the longstanding irrationalities in our structure of production have been eliminated to a considerable degree. However, the irrational structure of production

that has taken shape for quite some time has not been completely reformed. Some new structural contradictions have emerged as the structure of production develops—with power supply, transport, and communications becoming more incongruous with economic development and the raw and semifinished materials industry falling far short of the demands of the situation due to the blind expansion of processing industries. All these contradictions should be resolved. These contradictions also occurred now and then in past economic growth when we concentrated on solving the problem of having enough to eat and wear. They seem more noticeable at present, when decisionmaking powers in investment are decentralized and the mechanisms of macroeconomic control are still not sound. This indicates that the task of readjusting the traditional structure of production has yet to be fulfilled.

In terms of the long-term trend of economic development, the problem of the structure of production became particularly noticeable because:

First, the demands of the new stage of our country's economic growth. In the course of moving toward a well-to-do standard of living on the basis of fundamentally solving the problem of having a warm back and a full belly, China's economy will undergo historic changes in two fields. One is to continue to achieve industrialization in the field of production. The essential substance and basic requirements of industrialization are to develop the machine-building industry, and with its help, to reform the whole national economy, including agriculture. The other is to enable people engaged in agricultural to move to nonagricultural work. The changes in these two aspects in our industrialization appeared to be mutually contradictory. Thanks to the large-scale industrial construction since the founding of the PRC, the proportion of our country's total industrial output value in the gross value of industrial and agricultural output has increased from 30 percent to 70 percent, while that of total agricultural output value has correspondingly decreased from 70 percent to 30 percent. This tallies with the historical course of industrialization. But the proportion of the country's agricultural population in its total population changed very little. Through several years of rural reforms, the agricultural population still constituted more than 70 percent of the country's total population. Apart from the fairly big mechanical growth in urban population during the First 5-Year Plan, urban population growth in other plan periods was mostly natural growth. This runs counter to the historical course of industrialization. With the economic development strategy being shifted and the problem of getting enough to eat and decent clothes to wear basically resolved, more and more people engaged in agriculture will move to nonagricultural work. From now to the end of this century, one hundred and several tens of millions [as published] of farm laborers will move to nonagricultural work. Such a big shift of agricultural population to the nonagricultural sector will bring about profound changes in the structure of production. In the

consumption sector, when people still have problems with food and clothing, consumption is more or less of the form "a hungry person is not choosy about his food." After they have no more problems with food and clothing and are striving for a comfortable standard of living, they will inevitably have greater demands on consumer goods of higher quality and become more choosy about consumer goods. Therefore, only when we readjust and reform the current structure of production targeted to resolve the problem of having enough to eat and wear can we adapt ourselves to the changed consumer demand. Whether or not we can promptly readjust and reform the structure of production in accordance with the changed situation in social production and consumer demand has a direct bearing on whether or not we can smoothly carry industrialization to a new stage, and move from merely having warm backs and full bellies to a well-to-do standard of living.

Second, the effect of the new world technological revolution. The structure of production changes with the changes in the material and technological conditions in social production. In world economic history, the invention and popularization of spinning and weaving machines and steam engines and of electric power technology brought about unprecedentedly big adjustments and changes in the structure of production. In the contemporary era, electronic technology as the core of the new technological revolution is making profound changes in the structure of production in all parts of the world. China, currently carrying out modernization in an environment of opening to the outside world, has increasingly intensive and extensive ties with the world economy in its development. Therefore, we should note this development trend and take appropriate countermeasures. Pounded by the waves of the new world technological revolution, all countries—be they economically developed or developing ones—are working hard to readjust and reform their production structures in light of their own actual conditions. To expand the export of commodities, improve the export commodity mix, develop economic and technical exchanges with other countries in a more intensive and extensive way, and gain the initiative in the new world economic pattern, we should also readjust and reform our production structure.

Our present economic development stage and the international economic environment determine that the economic structural readjustments and reform have a two-fold historical mission to undertake: continuing to carry out industrialization while actively developing new industries. Since the historical course of industrialization has yet to be completed, and traditional industries have a vast market and there is still room for their development, they cannot therefore be viewed as having become "sunset industries." For quite some time to come, traditional industries will still be the main body of our economy on which modernization hinges. However, as our traditional industries are technologically backward and their equipment is obsolete, if they are not

reformed it will be impossible for them to undertake the important task of modernizing the country. Luckily, the new world technological revolution provides us with a good opportunity; moreover, opening the country to the outside world also gives us plenty of possibilities to utilize advanced foreign technology. The new technological revolution will have a great impact on the readjustment and reform of our country's structure of production in two ways: One, it will enable us to use the achievements of the new technological revolution to inject high-tech elements into traditional industries and to reform traditional industries using higher technology. And two, it will help us develop new high-tech industries, catch up with the new world technological revolution, and use it to give a push to the whole national economy. In terms of the current developments, new high-tech industries will develop faster than traditional industries. We should use these two favorable conditions and improve the structure of production through readjustment and reform.

III.

In readjusting and reforming the structure of production, the following three problems merit particular attention:

First, developing the rural economy in an overall way. The steady growth of agriculture and improvement of the production structure in rural areas are the foundation for the steady, long-term development of the entire economy and prerequisites for the readjustment and reform of the entire production structure.

The rural economy is currently faced with two main problems: one is the problem of grain, and the other is the problem of the shift of agricultural population to the nonagricultural sector. To a great extent, the development of the rural economy and of the entire national economy as well depends on how these two problems are resolved. Of the two, the problem of grain is primary. Our country's grain output hit a historical high in 1984, reaching 810 billion jin. Striving to reach two other higher rungs—that is, topping 900 billion jin in 1990, and 1,000 billion jin in the year 2000—is a fundamental condition for achieving the strategic objectives of economic development set for the end of this century. These two rungs can be reached, but it will certainly be no easy job to do so. Even if the expected output figures are attained, as the population grows we can only maintain the 1984 level of 800 jin per person in the year 2000, 17 percent lower than the world average. This just meets the basic needs of everyday life. Needless to say, stressing the importance of grain production does not necessarily mean choosing once again the old road of "taking grain as the key link," which has been proved by practice over the years to be unsuccessful. On the one hand, the report to the 13th Party Congress points out that we must give high priority to grain production, and on the other it stresses that we must actively develop a diversified rural economy and town and township enterprises, continue to make rational readjustments in the distribution in

urban and rural economies and in the rural production structure, and must move the superfluous rural labor force to the nonagricultural sector. With these correct principles, we can maintain an overall development of the rural economy and a steady increase in the farmers' income; we can proceed to lay a sound foundation for the readjustment of the entire structure of production and for the attainment of the strategic objectives of economic development set for the turn of this century, while ensuring a steady increase in grain production.

Because it is a profound historic change, the massive shift of people engaged in agriculture to nonagricultural work requires solutions to such problems as the infrastructure, funds, technology, and equipment needed by the industries in which the newcomers are to be engaged, the formation of a new production structure and the orientation of products, the preservation of ecological balance, and the transformation of agricultural technology. This historical course is in essence a process of industrializing the countryside and transforming agricultural technology, and also a process of deepening social division of labor and developing the productive forces. The development of township and town enterprises has provided us with fresh experience in stimulating the change. Our country now has some 15 million township and town enterprises, employing 20 percent of the rural work force. Their total revenues constitute 48.9 percent of the total rural revenues, and their industrial output value comprises 23 percent of the nation's gross industrial and agricultural output value. All this has produced great changes in the rural production structure. As township and town enterprises are developing, some blindness has occurred in their operations, which calls for serious attention and solution. However, without developing town and township enterprises, there would be no way out for the rural economy. On the one hand, we must fully appraise the positive role of township and town enterprises, and refrain from giving up eating for fear of choking. At the same time, we must promptly resolve the problems cropping up in the course of developing town and township enterprises to ensure their sound development.

Second, paying adequate attention to the construction of basic industries and infrastructure.

Thanks to the economic readjustments we started in 1979, we have managed to correct the deviations of putting one-sided stress on heavy industry, thus accelerating the development of light industry. During the Sixth 5-Year Plan, in the total volume of investment in the fixed assets of industrial enterprises under the system of ownership by the whole people, the investment in light industry increased from 19.1 percent in the 1958-1978 period to 23 percent, and the proportion of light industrial output value in the gross value of industrial and agricultural output rose from 42.7 percent in 1978 to nearly 50 percent in 1986. The improvement in the market supply of manufactured goods for daily use is there for all to see. The purpose of socialist production is

to meet the needs of the people. In the days ahead, we must continue to strengthen the development of consumer-goods industries. However, this does not in the least mean that we can ignore the development of basic industries and infrastructure. The history of the world economy over the last 200 years or more since the Industrial Revolution shows that in the course of industrialization, although consumer-goods industries developed faster than the production of capital goods in specific years and specific periods of time, the general trend of development is that the growth rate of the means of production is higher than that of the means of subsistence. This is an objective economic law. Since we are still continuing industrialization, we will come to grief if we violate this law. The construction of basic industries and infrastructure is the material base for the massive shift of people engaged in agriculture to non-agricultural work and also the material base for the technological transformation of the entire economy. Basic industries and infrastructure must be strengthened; otherwise, economic development cannot be sustained and the development of consumer-goods industries will ultimately be hindered. The development of basic industries and infrastructure requires large amounts of funds and a rather long construction period. The previous construction of basic industries and infrastructure is benefiting people now, while current construction will only produce benefits several years hence. Therefore, we should all the more be farsighted and make plans beforehand. In view of the weak links in our current economic development, the report stresses accelerating the development of the energy industry, primarily electric power; of raw and semifinished industry, especially iron and steel, nonferrous metals, and chemicals; of transport and communications, principally comprehensive systems of transport and of dissemination of information; and of the machine-building and electronics industries that provide the modernization program with technical equipment. All these form a great plan vital for the long-term development of the national economy. Of course, basic industries and infrastructure should not be developed in isolation. We should define an appropriate scale for their construction; set up a rational internal structure; adhere to the correct orientation of serving the development of the entire economy (this can be achieved through the readjustment of the structure of production and of the product mix); and effect a coordinated development with other fields of endeavor to avoid repeating the past mistake of pushing ahead with the development of heavy industry in isolation.

Third, correctly handling the relationship between production and consumption patterns.

Production and consumption, and production and consumption patterns, are interdependent. Production is the foundation. Without production there would be no consumption, but production is for the sake of consumption and not for the sake of production. The production of consumer goods can directly meet the needs of the

people. The production of capital goods provides conditions for the production of consumer goods, and in the final analysis it also serves to meet the needs of the people. On the one hand, we organize production to suit the needs of the people in their everyday life, and on the other, we should determine the consumption level according to our capability to develop production and give the people proper guidance on consumption patterns. Establishing a rational pattern of production is the foundation for guiding and regulating consumption patterns. The report stresses the problems of the pattern of food consumption and of the commercialization of housing, which are indeed the outstanding problems in our present patterns of consumption.

The pattern of food consumption should be suited to China's agricultural resources and the level of production. In the light of our country's national condition, in which we have a large population and comparatively limited natural resources, we should choose a resource-saving pattern of consumption. For example, in the foreseeable future, vegetables must form the larger part of our diet, because 5 jin of grain can be turned on the average into just 1 jin of meat, and if meat forms the larger share, we cannot afford to feed 1 billion people or more. Apart from developing pig raising, the latter pattern requires the vigorous development of the production of rabbits, chickens, ducks, cows, sheep, and goats. The consumption of wine is also restricted by grain production. The wine-making industry should not be overstressed as far as consumer industries are concerned. Similar cases are also found in the production of other consumer goods.

The commercialization of housing is an important step to improve both the pattern of consumption and the structure of production. Excessive outstanding debts of the past, overgrowth of the population and cities, peaks in marriageable age, and the trend of families to become smaller units are all causes for the strained situation in housing.

Moreover, the supply system and the system of housing distribution and use characterized by low rents have undoubtedly aggravated housing shortages, resulting in an extremely irrational pattern of consumption and making it impossible to find any solutions to remedy the problem. Since people's consumption of "housing" is too meager, they spend their money mostly on food and clothing; as a consequence, the Engel's coefficient has not dropped along with citizens' increased income. This has also increased pressure on the supply of farm and sideline products and durable consumer goods, such as home electric appliances. By commercializing housing, we can attain three goals in one move: improving patterns of consumption, promoting the development of the building industry, and expanding the building materials industry and its related industries. Of course, in a big country like ours—with a population of 1 billion people—which is still in the initial stage of socialism, even

though housing is commercialized and the house building industry is developed at an accelerated rate, it is still impossible to achieve a high consumption level in the housing sector and to reach the level of developed countries. In brief, patterns of consumption and policies on consumption have a direct bearing on the coordinated development of the entire economy and the realization of the strategic objectives set for the end of this century. They are an important topic of the strategy for economic development, a topic that calls for a Herculean effort to study and solve.

IV.

Practices over the last 9 years have proved that reform is the only process through which the productive forces can be developed. The realization of overall balance and structural improvement at the new stage of economic development also depends on reform.

Compared with the previous discussions of overall balance and structural improvement, the current discussion has different meanings and characteristics. In other words, the overall balance and structural improvement under the conditions of developing a commodity economy and opening to the outside world can be achieved only through developing the commodity economy and opening to the outside world. As such, we should face domestic and international markets and give play to the role of market mechanisms. However, by relying just on market forces and free competition, we can hardly achieve our goals. Ours is a big, socialist developing country currently in the stage of economic growth in which we are still trying to achieve industrialization. Large tracts of land are to be developed; many production undertakings are to be started; the market has not been adequately developed; and the strategic objective of achieving overall economic balance and structural improvement, an objective that has a bearing on the overall situation of the national economy, is all the more inseparable from state regulation by planning and centralized management. Integrating planning with the market and achieving an economic overall balance and structural improvement using regulation by planning and regulation by market mechanisms, coupled with necessary administrative and legal means, is one of the important objectives of the economic structural reform.

Labor Markets Springing Up Nationwide
OW101340 Beijing, XINHUA in English
1120 GMT 9 Dec 87

[Text] Beijing, December 9 (XINHUA)—A Beijing resident can apply to change his job or find a job for the first time by only paying 50 fen (about 13.5 U.S. cents).

To date, 20,000 workers and unemployed people in the capital have obtained jobs through the newly-emerging labor markets.

Exchange centers for skilled workers or similar service organizations have been established in almost all provinces, autonomous regions and municipalities, said an official from the Ministry of Labor and Personnel.

"This is part of the efforts China is making to develop its labor markets," he said, "and they have helped to streamline the labor flow."

Labor service organizations, including labor exchanges and housework service markets have been formed widely since 1984.

Four-fifths of the more than 50,000 housemaids in the capital have been provided by a spontaneous housework service market located under the Jianguo flyover in the east of the city.

As more and more farmers are turning to non-farming businesses, agencies have sprung up to introduce the surplus rural labor force to construction projects in cities.

Moreover, over 30,000 specialists and technicians have changed jobs with the assistance of personnel exchange service institutions at various levels.

China will have an additional labor force of 40 million more in the period from 1986 to 1990, and a total of 100 million by the end of this century. therefore, said the ministry official, labor markets will soon play a vital role in directing job-seekers to employment.

Industrial Output Value Up 12.8 Percent
HK111148 Beijing CHINA DAILY in English
11 Dec 87 p 2

[Text] China's industrial output value was more than 92 billion yuan in November, an increase of 12.8 percent over the same month last year, ECONOMIC DAILY reported.

The areas in which production increased included nine relatively underdeveloped areas such as Gansu and Guizhou Provinces and the Ningxia Hui and Xinjiang Uygur Autonomous Regions.

In the first 11 months of this year, China's total industrial output value climbed to 933.7 billion yuan (about \$252.4 billion), or 14.9 percent more than during the same period in 1986. Light industry went up 14.7 percent and heavy industry by 15.1 percent.

China's light and textile industries have been developing rapidly since the beginning of this year. The output of television sets, refrigerators, wrist watches, yarn, cigarettes and beer showed increases ranging from 11.9 to 78.5 percent over the first 11 months of 1986.

Energy and raw material production has also grown steadily. Between January and November, China mined 810 million tons of coal and pumped 890 million barrels of crude oil, increases of 3.1 and 3 percent respectively over the same period of 1986.

The output of raw materials like pig iron, steel, rolled steel, cement and plate glass also jumped between 7.7 and 12.4 percent.

Economic experts said two problems should be given priority.

The first is curbing the rising price of production materials. The cost of major industrial materials in August went up 9.5 percent, higher than the 9.3 percent increase in the same month of 1986.

The second problem is how to speed up the recycling of funds. Some enterprises have bought large quantities of raw materials for fear of price increases next year.

Reasons for Steel Stockpiles, Ways To Reduce
HK111236 Beijing CHINA DAILY in English
11 Dec 87 p 4

["Opinion" column: "How To Reduce Steel Stockpiles"
by Wang Gangyi]

[Text] Reducing China's huge stockpile of steel products has become one of the major goals of the country's economic policy makers.

The total output of the country's steel industry reached 40.58 million tons by the end of last year. But according to statistics published recently in Metallurgy News, the newspaper of the Ministry of Metallurgy Industry, stockpiles of steel products stood at a record high of 30.79 million tons at the end of last June, 34 per cent more than the combined stockpiles of the United States and Japan.

The length of time the steel is stockpiled averages six months, taking up about 33 billion yuan (about \$8.8 billion) of the country's floating capital.

The root cause, said Wang Guiwu, vice-chairman of the China Society for Research on Material Distribution is the rigid management practices of the material distribution system, characterized by the government allocation of production materials.

Wang said central government controls the distribution of about 50 per cent of the steel products at present while local governments control a considerable amount of the remainder.

The traditional practice under this system is for the distribution departments to bring together manufacturers and buyers (industrial enterprises) at special meetings to set production quotas and allocations. But since such

meetings are held only twice a year, and usually before enterprises map out their own production plans, orders are often made on estimates instead of actual demand.

To play it safe, enterprises tend to squeeze as much as they can out of the producers, which inevitably creates a big margin between what is ordered and what is really needed.

Wang said that given the complexity of the country's urban and rural industries, this highly-centralized material distribution system is bound to produce a vicious circle of shortages and high stockpiles.

The rapid development of the steel industry in recent years has not solved the old problem of unbalanced steel production. While those products that require little investment and low technology are piled in huge amounts in warehouses, products which require large financial input and advanced technology are still in short supply.

This problem is becoming worse because steel has long been a sellers market so producers lack the necessary incentives to increase the production of badly-needed products.

Wang said that the final solution to reduce the huge stockpile of steel products is to create a new distribution system in which supply and demand will play a dominant role.

He said the State Council has decided to gradually establish several central wholesale markets for steel products.

However, no consensus has been reached on whether the government should continue to control the price of the steel products on these markets.

While some argue that the controls should be dropped, others insist that such a move is premature when steel production cannot meet present demand. Moreover, they warn, without controls the prices will certainly shoot up, causing cost increases to other industries. This will result in a higher inflation rate.

Idle Products [subhead]

LI Deshui, an official from the State Planning Commission, said the most urgent task is the pooling together of stockpiled steel products so they can be put into active use.

He suggested that production material management departments at central and provincial levels should be forced to maintain only a three-month supply of steel and put the rest on the market.

A ceiling should also be imposed on the stockpile of industrial enterprises and capital construction units. Those keeping unnecessary amounts of steel in stock should be fined and their stockpiles taken over by government departments.

But those who put their steel reserves onto the market, would be guaranteed easy access to the steel markets and enjoy other preferential treatment from the State.

At the same time, anyone wanting to purchase steel should get approval from governments at different levels

so that the steel would be channelled where the State wanted and not into the hands of racketeers.

When the State allocates steel to enterprises, it should take into consideration the enterprises' existing stockpile and reduce the allocation accordingly, Li said.

Meanwhile, iron and steel works should organize their production according to the variety and quality set in contracts with the State, and the trend of only trying to meet their production targets must be reversed, Li said.

East Region

Anhui Leaders Discuss Economic Developments OW101159 Hefei Anhui Provincial Service in Mandarin 1200 GMT 9 Dec 87

[Excerpt] Leading comrades of the provincial CPC Committee, the Standing Committee of the provincial People's Congress and the provincial government, Li Guixian, Lu Rongjing, Wang Guangyu, Meng Fulin, and Wang Sheyun held a meeting on 6 December at the Daoxianglou Guesthouse. They met with the responsible persons from 17 poor counties in the provinces to discuss how to implement the guidelines laid down by the 13th CPC National Congress and the directive issued by the State Council on promoting economic developments in China's poverty-stricken areas. Those attending the meeting discussed issues on doing economic work, implementing the policy of helping people drive off poverty, properly using funds, delegating authority to lower-level units, and training qualified personnel in poverty-stricken areas. They also worked out measures on how to delegate authority to units that approve loans to poor people, control commodity prices in poor counties bordering other provinces, and help poor people obtain medical treatment and solve housing problems.

Li Guixian, Lu Rongjing, Wang Guangyu, Meng Fulin, and Wang Sheyun delivered speeches at the meeting. [passage omitted]

Shanghai Begins Civil Service Appraisal OW111118 Beijing XINHUA in English 1014 GMT 11 Dec 87

[Text] Beijing, December 11 (XINHUA)—Shanghai has started giving appraisals to the city's civil servants on a trial basis in preparation for implementing a new nationwide personnel system, today's overseas edition of the "PEOPLE'S DAILY" reported.

According to the report, the new system, being worked out by the Communist Party Central Committee's Organizational Department, will create a standardized, systematic appraisal scheme for the country's civil servants.

This summer, the paper said, the Organizational Department first started giving civil service assessments in Jiajiang, Zhejiang Province and then expanded the testing area to 17 counties in eight provinces.

Shanghai will give appraisals in the city's Huangpu District and First Commercial Bureau, with government administrative leaders and section heads being assessed first.

China's civil servants will be divided into two categories, another article explained, those engaged in political affairs and those working in professional capacities.

In the second category, workers will have to pass examinations on political science, economics, law and administrative ability. Work performance will also be considered in granting promotions.

The paper also disclosed, by the end of this month, appraisals for those employed in the professional work category in central government departments will begin on a trial basis.

Jiang Zemin Attends Shanghai Study Meeting OW101127 Shanghai City Service in Mandarin 2300 GMT 9 Dec 87

[Text] Yesterday afternoon, the Shanghai Municipal CPC Committee held a meeting on studying the documents of the 13th CPC National Congress. The meeting was held at the Shanghai Exhibition Center. Jiang Zemin, secretary of the municipal party committee and mayor of Shanghai, presided over the meeting. Yuan Mu, deputy secretary general of the Financial and Economic Leading Group of the CPC Central Committee, and (Fei Shiyong), deputy editor in chief of RENMIN RIBAO, delivered respective guidance reports on the theory and significance of the initial stage of socialism and problems of China's economic structural reform.

Over 1,000 responsible cadres from the departments, commissions, and offices at the district, county, and bureau levels or higher, and students of the party school under the municipal CPC Committee attended the meeting.

Central-South Region

Guangzhou Peoples' Attitude Toward Jobs Noted OW101352 Beijing XINHUA in English 1256 GMT 9 Dec 87

[Text] Beijing, December 9 (XINHUA)—People in Guangzhou, the capital of Guangdong Province in southern China, have radically changed their ideas about getting jobs since the country's economic reforms began nine years ago, the "CHINA DAILY" reported today.

People in the city no longer find jobs by sticking to the old ways and have acquired new standards in job hunting and job choices, the newspaper said quoting the overseas edition of PEOPLE'S DAILY.

As long as the pay is good and working conditions satisfactory, it makes no difference whether workers have an 'iron rice bowl' or not, the paper said, referring to the term used to denote people having jobs for life irrespective of performance.

Workers are no longer dejected by their jobs.

A survey showed job seekers prefer the employment contract system. Some workers at state-owned enterprises have given up their iron bowl on their own to become self-employed.

Jobs in commerce and service trades, once looked down upon, are now eagerly sought in Guangzhou.

By contrast, it is difficult for industrial enterprises to recruit enough new workers.

People in the city no longer worry about being tied to a job they do not like. About 20,000 people a year transfer from one unit to another more to their taste.

People are held in contempt who get a good job through their parents or backdoor means. Knowledge and skill are now what count.

It also has become a trend for workers to participate in management. Many employees want to talk directly with their bosses and to have their suggestions taken seriously.

People are out to make better use of their free time, too. Three-quarters of the respondents in a recent survey agreed that one should have a part-time job or a second occupation instead of merely a single profession.

People in the city would rather pay to have their housework done than waste their own precious time. They spend more on housekeepers and nurses than workers in any other city.

Henan's Yang Xizong Attends Reception
*HK110741 Zhengzhou Henan Provincial Service
in Mandarin 2300 GMT 8 Dec 87*

[Excerpts] Yesterday evening, the provincial government held a reception in (Zhongzhou) Guesthouse, Zhengzhou, to celebrate the victory won by Henan athletes at the sixth national sports meet. Some 200 athletes and coaches happily attended the ceremony after their triumphant return from the meet.

When Secretary of the Provincial Party Committee Yang Xizong, Acting Governor Cheng Weigao, and leading comrades of the provincial party committee, provincial advisory commission, provincial People's Congress, provincial government, and provincial CPPCC Committee entered the hall, there was a burst of warm applause. Comrade Cheng Weigao was asked to speak. [passage omitted] Comrade Yang Xizong also spoke.

[Begin recording] In my opinion, we must continue to work hard on this year's foundation, formulate a 6-year plan, foster the strong points, circumvent the weak points and carry forward the strong points. [words indistinct] [end recording]

Vice Chairman of the Provincial Advisory Commission Han Jingcao and Vice Chairman of the provincial Physical Culture Commission (Zhang Yaoting), who was also deputy head of the sports delegation, delivered ebullient speeches. [passage omitted]

Southwest Region

Officials Discuss Regional Issues, Xizang
*OW110732 Beijing BEIJING REVIEW in English
23 Nov 87 p 22-23*

[Third part of BEIJING REVIEW interview concerning Tibet with senior officials of the PRC State Commission—officials not identified]

[Text] Question: What do you mean by "regional national autonomy?"

Answer: Regional national autonomy is the basic policy the government adopts to solve the nationalities question in China and as such it is an important political element within the state. According to the Constitution and the Law on Regional National Autonomy, regional national autonomy means that the minority nationalities, under unified state leadership, practice regional autonomy in areas where they live in compact communities, and establish organs of self-government for the exercise of autonomy. All national autonomous areas are integral parts of the People's Republic of China.

Regional national autonomy embodies the state's respect for and guarantee of the right of minority nationalities to administer their own affairs, and its adherence to the principle of equality, unity and common prosperity for all nationalities. The policy has played an enormous role in fully freeing the initiative of all nationalities as masters of the state, developing among them a socialist relationship of equality, unity and mutual assistance, consolidating the unification of the country, and promoting socialist construction in the national autonomous areas and the rest of the country.

The Constitution and the law also stipulate that the organs of self-government of national autonomous areas are the People's Congresses and people's governments of autonomous regions, autonomous prefectures and autonomous counties. The chairman and vice-chairmen of the Standing Committee of the People's Congress of a national autonomous area, the chairman of an autonomous region, the prefect of an autonomous prefecture or the head of an autonomous county shall be members of the nationality exercising regional autonomy in the area concerned. The people occupying the other posts in the people's government of an autonomous region, an autonomous prefecture or an autonomous county, and cadres in the departments under the organs of self-government of a national autonomous area should, whenever possible, be people of the nationality exercising regional autonomy and of other minority nationalities in the area.

The People's Congresses of national autonomous areas have the power to enact regulations on the exercise of autonomy and separate regulations as well in the light of the political, economic and cultural characteristics of the nationalities in the areas. These regulations must be submitted to the Standing Committee of the National People's Congress for approval before they go into effect. If a resolution, decision, order or instruction of a state organ at a higher level does not suit the conditions in a national autonomous area, the self-government organ of the area may either implement it with certain alterations or cease implementing it after receiving the approval of the higher state organ.

While performing its functions, the organs of self-government of a national autonomous area shall use the languages of the locality; where several languages exist, the language of the nationality exercising regional autonomy may be used as the main language.

In accordance with the needs of socialist construction, the self-government organ of a national autonomous area shall take various measures to train large numbers of cadres at different levels and various kinds of specialized personnel from among the people of all nationalities in the area. The organs of self-government of national autonomous areas may, in accordance with the military system of the state and practical local needs and with the approval of the State Council, organize local public security forces for the maintenance of public order.

Under the guidance of state plans, the organs of self-government of national autonomous areas may independently arrange and administer local economic development, and work out the guidelines, policies and plans for their economic development. They also have autonomy in administering the finances of their areas. In accordance with legal stipulations, they must manage and protect the natural resources of these areas, and define the ownership and the rights of use of the pastures and forests within these areas. In accordance with legal stipulations and unified state plans the self-government organs enjoy priority in exploiting and using the natural resources which the local authorities are entitled to develop.

In addition, local self-government organs shall independently develop national culture, education, science, technology, medicine and sports in forms characteristic of the nationalities.

Q: Is there a Han or Tibetan majority among the cadres in Tibet? Is the present chairman of the regional people's government a Tibetan? Was the post of the regional Party committee's first secretary ever occupied by a Tibetan?

A: There are 40,000 minority nationality cadres in the region, making up more than 80 percent of the total. Among the heads of the regional party committee, Standing Committee of the regional People's Congress, government and Political Consultative Conference, Tibetans and people of other minority nationalities account

for 83.8 percent. The leading posts in the People's Congresses and local governments at various levels are all occupied by Tibetans and other minority people. The current chairman of the regional people's government Dorje Cerang is a Tibetan. The post was previously occupied by Ngapo Ngawang Jigme and Dorje Cedan. Both Tibetans.

Thus far no Tibetan has held the post of first secretary of the regional Party committee. Our Party organization is the same to all nationalities. Party members of any nationality can be Party cadres if they meet the requirements stipulated by the Party Constitution. Thus there is no direct link between whoever takes the post of first secretary of the regional Party committee and regional national autonomy.

Q: Does Tibet have its own policies and regulations?

A: Yes. The People's Congress of the Tibet Autonomous Region has enacted many special rules and regulations in accordance with local conditions. Since 1979, a total of 12 provisions and regulations have been legally enacted, including Separate Regulations of the Tibet Autonomous Region on Implementing the Law of Criminal Procedure of the People's Republic of China, Rules on Preventing Forest Fires, Detailed Rules on Election to the People's Congresses at Various Levels in Tibet, Separate Regulations of the Tibet Autonomous Region on Implementing the Marriage Law of the People's Republic of China and Provisions on the Administration of Tree Planting in Lhasa City.

Q: What specific policies has the region implemented?

A: Since 1980 the region has introduced a series of special policies promulgated in accordance with the local conditions aimed at developing the economy swiftly. They include a household-based diverse management system which retains all land, forests and pastures in the ownership of the state; allowing the selling of farm produce and the products of animal farming to be regulated mainly by the market; livestock raised by the herds people belong to them and farmland is used and managed by farmers themselves, and this practice will remain unchanged for a long time.

While developing industrial and commercial enterprises priority is given to private and collective businesses. Until 1990 agricultural and animal husbandry taxes will not be levied. For the near future, commodities produced by collective and private businesses needed by minority nationality peoples will be exempt from industrial and commercial consolidated taxes. In foreign trade the region is enjoying more preferential terms than other provinces, municipalities and autonomous regions, and can retain all foreign exchange earned.

Q: Does the central government protect natural resources in Tibet?

A: To protect the ecological balance in Tibet, we have enacted a series of policies and adopted many measures. We have invested several dozen million yuan in the region's grassland improvement, and built 1,967 ditches for irrigating 3 million mu (15 mu; 1 hectare) of grasslands. We have also enclosed a total of 2.65 million mu of grassland. In addition we have designated natural reserves of forest and wild animals and plants.

Q: Is there enormous unemployment in Tibet?

A: Unemployment is a problem which has been basically solved in China. In Tibet labour is short, and cannot meet the demands of its social and economic development. Tibet often finds difficulty in fulfilling the annual labour recruitment target set by the central government. Unemployment is not an issue. Among newly recruited workers Tibetans make up the majority. Tibetan and Han workers receive the same wages, welfare and labour protection terms.

Q: What kinds of Sino-foreign joint ventures and wholly foreign-owned enterprises have been set up in Tibet?

A: In the last few years, many Tibetans residing abroad, compatriots from Hong Kong and Macao, and foreign firms have applied to build Sino-foreign joint ventures and wholly foreign-owned enterprises in Tibet. At a Hong Kong trade fair last year the Tibet Autonomous Region signed 22 letters of intent for 15 cooperative projects. All foreign-funded businesses in Tibet can pay taxes at a reduced rate or be exempt from taxes and have priority for preferential loans.

Q: Which fields does foreign-Chinese co-operation cover in Tibet?

A: Energy, communications, building, textiles, foodstuffs, processing and light industries, agriculture, forestry and animal husbandry.

North Region

Beijing Party Congress To Open 13 Dec
OW110808 Beijing XINHUA in English 0720 GMT
11 Dec 87

[Text] Beijing, December 11 (XINHUA)—The 6th Beijing Municipal Party Congress, the first local congress to be held since the 13th National Party Congress, is scheduled to open on the 13th of this month.

According to today's "BEIJING DAILY," the 13th Plenum of the 5th Municipal Party Congress convened on December 9th and approved the work report to be delivered to the 6th Municipal Party Congress.

The municipal party Advisory Commission and the municipal Commission for Discipline Inspection have also concluded their plenary sessions and approved work reports to be submitted to the city's upcoming congress.

The local television station will broadcast the opening session of the 6th Municipal Party Congress live on the morning of December 13th, the paper said.

Nei Monggol CPPCC Standing Committee Meets
SK110505 Hohhot Nei Monggol Regional Service
in Mandarin 1100 GMT 10 Dec 87

[Excerpt] The 19th Standing Committee meeting of the 5th autonomous regional CPPCC Committee opened in Hohhot this morning. Major items on the agenda of the meeting are to study and discuss the 13th Party Congress documents, to study the guidelines of the 16th Standing Committee meeting of the 6th National CPPCC Committee, and to discuss a report on the Standing Committee work carried out since the 5th session of the 5th Nei Monggol CPPCC Committee. Other major items on the agenda included reports on: The guidelines of the national conference on local CPPCC work; the work of CPPCC Committee chairmen and vice chairmen; the joint CPPCC work conference of the three northeast China provinces; the meeting on cooperation in literary and historical data of north and northeast China, the three leagues and one city in the eastern part of the region; and the forum on the lateral ties in the CPPCC work of north China.

Shi Shengrong, chairman of the autonomous regional CPPCC Committee, presided over this morning's session. Attending were Kong Fei, Standing Committee member of the National CPPCC Committee, and Chen Bingyu, Wu Ligeng, Han Ming, Wei Zhaorong, Li Shuyuan, Liu Zhenyi, Baoyanbatu, and Yun Zhaoguang, vice chairmen of the autonomous regional CPPCC Committee.

Batubagen, deputy secretary of the autonomous regional party committee and chairman of the autonomous regional People's Congress Standing Committee, relayed the major guidelines of the 13th Party Congress. [passage omitted]

Nei Monggol's Wang Qun on Enterprise Reform
SK110425 Hohhot Nei Monggol Regional Service
in Mandarin 1100 GMT 10 Dec 87

[Text] Recently, Wang Qun, secretary of the autonomous regional party committee, held a discussion with leading persons of some enterprises in Hohhot. They discussed ways to further implement the guidelines of the 13th Party Congress and deepen enterprise reform. He pointed out that the content of the intensive enterprise reform is to reform the old employment and distribution systems, and to separate party and government functions.

After hearing briefings on the reform situation of the Hohhot City bearing plant and other enterprises, Wang Qun said: Reform should be accelerated and deepened. We should guarantee this by strengthening the party's

Ideological and political work. Ideological and political work should serve reform, which in turn should guarantee ideological and political work. This is a dialectical relationship.

Wang Qun said: In studying the documents of the 13th Party Congress, we should integrate theory with practice so as to promote the rapid and successful accomplishment of reform, opening up, and production. Through studying and implementing the guidelines of the 13th Party Congress documents, party organizations and government organs at various levels should facilitate the work of changing functions across the board. We must change functions and workstyles, and serve well the grassroots level and the masses. The key to this change lies in whether or not our leading organs have a sense of urgency, whether or not all our cadres are ready to exert strenuous efforts, and whether or not they unite as one to serve reform and enterprises wholeheartedly. I hope that everyone will think about this issue more, arouse the initiative of cadres, and stop buck-passing. In short, enterprises should accelerate their reforms. Government organs should also catch up.

Speaking on deepening reform, Wang Qun stressed: First, we should delegate to enterprises all the powers they to which they are entitled. Second, reforms of some systems within enterprises should be carried out, including reform of the old employment and distribution systems, and separating party and government functions.

He said: We should no longer be dilatory or afraid of touching the employment system. If we cannot make a success of the distribution system, the enthusiasm of the staff members and workers will be dampened. Egalitarianism and the common big pot protect lazy men. Therefore, if we continue the common big pot, everyone will come to grief. Enterprises' party organizations should play a supervisory and guaranteeing role. Enterprise directors should concentrate their efforts on production.

Wang Qun said: Enterprises should combine reform with innovation. They should attach importance to technical transformation, and equipment renewal. If they do not, they will lag behind the competing situation. At present we are faced with rigorous competition in products. If the quality of our products are poor and their prices very high, they will lack a competitive edge and lose ground. The per capita productivity of the industrial enterprises of our region is equivalent to only 60 percent of the national average, and their profit and tax rate of per 100 yuan output value is only 50 percent of the national average. Therefore, there lies great potential to tap. The key is to muster efforts to strengthen management. Only in this way can we improve economic results and product quality. Every enterprise should select a counterpart

to compete with, and an advanced enterprise as a target to catch up with and surpass in every field. It is hoped that substantial development will be achieved in this work next year.

Northwest Region

Li Ziqi Addresses Gansu Rural Work Conference
HK110633 Lanzhou Gansu Provincial Service
in Mandarin 1100 GMT 8 Dec 87

[Excerpts] A provincial conference on rural work concluded today. Conference members put forward the following: The main tasks of provincial rural work for next year are centered on striving to resolve the clothing and food problems in 3 years, the spirit of the 13th CPC National Congress and of the enlarged meeting of the provincial party committee should be implemented in an overall way, the work of helping the poor and of development speeded up, grain production grasped, the shifting of the agricultural labor force to nonagricultural production promoted, rural reform further deepened, and the development of the rural productive forces accelerated.

Jia Zhijie spoke at this afternoon's conference. [passage omitted]

The provincial conference on rural work commenced in Lanzhou on 1 December. During the conference, relevant provincial departments concluded and signed letters of contracted responsibilities for five aspects. These included output of grain, procurement, sale, allocation, and financial affairs, with 14 prefectures, autonomous prefectures, and cities. Relevant departments signed letters of responsibilities for resolving the poor households' clothing and food problems in 3 years.

Leading comrades, including Huang Luobin, Liu Bing, Wang Bingxiang, Wang Jintang, Ge Shiyang, Lu Ming, Yan Haiwang, and (Zhou Yunshi), attended this afternoon's conference.

Li Ziqi, secretary of the provincial party committee, spoke. He fully affirmed the achievements scored by the conference. He hoped that they all would further study the documents of the 13th CPC National Congress and the spirit of the enlarged meeting of the provincial party committee, establish the working system and cadre responsibility system of party committees and governments at two levels, townships and villages, do work for thousands upon thousands of households well, and fulfill all tasks of rural work.

During the conference, the provincial party committee and provincial government also commended and rewarded 132 advanced units and 26 advanced individuals emerging in the drive to help the poor, and commended 53 units.

Hong Kong

PRC Official Claims Direct Elections Likely
HK110519 Hong Kong Commercial Radio in English
0430 GMT 11 Dec 87

[Text] A senior Chinese official has said there's a high probability that the Basic Law Drafting Committee will agree to an element of direct elections for Hong Kong's future legislature. Deputy Director of the Hong Kong and Macao Affairs Office Li Hou says if that's the case, then Beijing will not object to the introduction of such a system in 1991. He points out that will be after the promulgation of the Basic Law. He says there will be no problem if the number of directly-elected seats don't exceed the limit laid down in the mini-constitution. Mr Li was speaking in Guangzhou as head of the Basic Law Drafting Committee meeting, which starts tomorrow.

UK Parliament to Debate Hong Kong Reforms
HK100929 Hong Kong SOUTH CHINA MORNING
POST in English 10 Dec 87 p1

[By Bernard Fong]

[Text] The British Foreign Secretary, Sir Geoffrey Howe, has bowed to the opposition Labour Party's plea for a parliamentary debate on political reforms in Hong Kong.

The news was conveyed yesterday to a Hong Kong delegation lobbying British politicians to support direct elections to the Legislative Council [Legco] next year.

Sir Geoffrey agreed to the request after having received a letter on November 27 from the Labour Party spokesman on Foreign Affairs, Mr Gerald Kaufman.

The opposition had initially sought a debate before Christmas, but after a meeting between Sir Geoffrey and Labour Party spokesman on Hong Kong affairs Mr George Foulkes it was decided that the debate should be held in mid-January.

The debate will take place before the White Paper on political reform is published in February and after the annual report on Hong Kong is tabled in Parliament in January.

The assistant to Mr Foulkes, Mr Christopher Greene, said the Labour Party sincerely believed that the Tory government had not fulfilled its pledges to the Hong Kong people.

"From the evidence, it seems that the delegation has a valid case," said Mr Greene.

The three legislators in the 10-man delegation—Mr Martin Lee, Mr Jackie Chan and Dr Conrad Lam—met with former Governor Lord Maclehoose late yesterday afternoon.

Lord Maclehoose had in the past chided Hong Kong legislators for criticising British policies regarding the territory and China.

The delegation led by Mr Lee arrived in London on Tuesday to begin rounds of discussions with the members of Parliament and will return to Hong Kong tonight.

The delegation, comprising politicians and pressure group representatives, met yesterday with Labour MP Mr George Robertson, Lord Cledwyn and Lord Ponsonby of the House of Lords.

A letter was later submitted to Prime Minister Margaret Thatcher, who along with Sir Geoffrey had declined to meet with the delegation because of their tight schedules.

Mr Lee, who earlier addressed a large audience of academics, foreign officers, students and journalists at the School of Oriental and African Studies, said Britain had reneged on its promises of 1984 to prod Hong Kong along the road towards a more representative government.

On Tuesday the delegation boycotted a meeting with the Minister of State with special responsibility for Hong Kong, Lord Glenarthur, who had agreed only to meet with the three legislators.

The three turned up at Lord Glenarthur's office to submit a formal protest but did not see the minister.

Described as an "irate delegation" by the Fleet Street press, the group received extensive coverage on the day that Soviet leader Mikhail Gorbachev had passed through the country en route to Washington for a super-power summit.

Mr Lee quipped: "Mr Gorbachev has made a mistake coming to Britain today. Everyone is here listening to us."

He said Mrs Thatcher had declined to greet the group because its message would embarrass the Prime Minister.

"There is a sense of betrayal," Mr Lee told a sympathetic British press. "We feel we have been sold down the river by the British Government for its own interests of trade with China."

The British Government, he said, was not brave enough to take a stand and as a consequence backed down from its pledge to let Hong Kong develop a representative government at the pace envisaged by the 1984 Green Paper.

Mr Lee told the British press that the majority in Hong Kong favoured direct elections next year, but many who supported the quest in private had denied that in public so as not to offend China and not to jeopardise their own interests.

He expressed the fear that China, unlike Britain, did not understand the laissez faire system that made Hong Kong work.

"The communists could muck it up," Mr Lee said, "unless a democratic government was instituted to guide the territory through 1997 and beyond."

He said mainland Chinese influence was already pervasive in Hong Kong and that China has indicated its reluctance to have the territory's courts interpret every part of the constitution, the first draft of which should be ready next year.

In an editorial, the conservative DAILY TELEGRAPH praised what it considered to be the futile quest of the delegation. It said: "Postponing the introduction of greater democracy in the colony is regrettable as a more representative form of government there would be better able to defend local interests vis-a-vis Beijing after 1997."

"Attention now switches to 1991, when the next Legislative Council elections-but-one are due to take place. British and Hong Kong opinion must persuade the Chinese that that is the latest date for making a start on direct elections, so that by 1997, a significant number of Legco members will be so chosen".

Police To Take Over Border Patrols From UK
HK100927 Hong Kong HONGKONG STANDARD
in English 10 Dec 87 p 1

[Text] The police were yesterday given the money to embark on a scheme to take over all anti-illegal immigrant duties at the border from the army in five years.

This will be done by doubling the size of the crack Police Tactical Unit (PTU) from the present six companies to 12—a total of 2,040 men.

The expansion scheme will cost about \$149 million a year in recurrent costs and a one-off \$63.9 million for non-recurrent items.

A detailed timetable has been worked out for the implementation of the scheme, with the first recruitment set for next year.

At present, anti-illegal immigrant duties at the border are mainly the responsibility of the army and only about 200 police officers are involved.

But the police will progressively take over the army's role, as the British forces withdraw in the lead-up to 1997.

No date has been announced for the army to go, but the police force build-up ahead to ensure it is ready when the time comes.

The money allocation was approved yesterday by the Finance Committee of the Legislative Council which controls public expenditure.

The wider police role was also mentioned last night in a speech to Kwun Tong residents by the Commissioner of Police, Mr Ray Anning.

Speaking at the annual dinner of the Kwun Tong District Kai Fong Association, Mr Anning said: "We have already done some work on it, and there is more to be done. But we have an outline of how we shall recruit the extra people."

The force, he said, could not have a huge influx of people in any one year because it would put too great a strain on training facilities.

"So we shall phase this over about three years or so for recruiting, they have to be taught to be proper ordinary policemen before we transfer them in our normal way into Police Tactical Unit duties.

"This is normally about two years. So then you can work on something like a three-year phased programme after that."

Finance Committee members were told yesterday that as the Hong Kong Special Administrative Region would be responsible for internal security, the Government had been studying areas where expansion would be needed.

The review found that one of the most needy areas was anti-illegal immigration work and the police were the natural choice for the task.

A 1993 deadline for a complete takeover was set to enable the police to have enough time to get the necessary experience well before 1997.

More important, it must be firmly established that the police have the ability to do the work without the army although the army's withdrawal plan had yet to be worked out, sources said.

To do the job properly, the police need six PTU companies, a proper headquarters and training personnel, the committee was told.

Existing PTU training facilities, which can accommodate two companies at any one time would need to be expanded to take in three companies.

The committee heard that 12 more training officers would also be needed during the five-year period.

Apart from these, four "core posts" would need to be created to direct the anti-illegal immigrant force.

Their duties would include drawing up training programmes, designing operation models and studying the army's existing strategy and operation procedures.

Permanent accommodation will be provided when the new PTU border force is at full strength.

The first two companies are expected to be put on border duties by 1990, the committee heard. They would be using existing police facilities and share facilities with the army before they acquired their own.

New equipment and vehicles would be ready by 1991 and the Sek Kong Army Camp would be released for use by the police by 1993.

The tactical unit now has an establishment of six companies (1020 men) and provides an immediate reserve of manpower for use in an emergency.

Bank of East Asia Expands PRC Operations
HK110647 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 11 Dec 87 p 1

[By Naomi Lee]

[Text] The Bank of East Asia has strengthened its position in China, upgrading its representative office in Shenzhen and being selected as the only bank in Hong Kong to jointly run a financial institution in China.

The bank's chief executive, David Li, and the vice-president of the Agricultural Bank of China (ABC), Zhang Wenqi, held talks yesterday on the new joint venture after a lunch to celebrate the opening of Bank of East Asia's first branch, formerly a representative office, in Shenzhen.

Both sides agreed that the future financial institution, to be based in Xiamen, one of the four special economic zones, would operate on both the retail and wholesale levels and would set up sub-offices throughout China.

Miss Zhang told reporters China would be responsible for drafting the plans of the venture, and Bank of East Asia would be its only partner in Hong Kong.

The ABC had suggested in May that it would own 40 percent of the new institution, which is due to open next year, and a third partner, the World Bank, would own 20 percent.

But Miss Zhang said yesterday that no agreement had been reached on ownership.

She said the institution would emphasise rural development in China.

Meanwhile, Mr Li said the Bank of East Asia would open a representative office in Guangzhou next week.

"We can conduct a wide range of activities in Guangzhou, which has great potential for economic growth," he said.

Mr Li said the bank had made a late entry in Shenzhen, but he had confidence the representative office there would be raised to branch status in two to three years.

According to the bank's assistant manager, Alex Ko, the requirement for up-grading a representative office was that it must have foreign exchange reserves equal to 40 million yuan (about HK\$83 million).

The upgrading enables the bank to provide further services.

Mr Li also said the bank was negotiating with the Bank of China and Bank of Communications concerning a jointly-operated bank in Shanghai.

Bank of East Asia had a branch in Shanghai before the communist revolution in China. The branch reopened in December 1984 and the office in Shenzhen in October 1985.

Macao

Government Denies Knowing Airliner Terrorists
HK101324 Hong Kong AFP in English 1227 GMT 10 Dec 87

[Text] Macao, Dec 10 (AFP)—There is no evidence that a woman suspected of involvement in the loss of a South Korean airliner last month had worked in Macao, government press secretary Antonio Duarte said here Thursday.

But although there had not been any official request from the South Korean Government to investigate the matter, Macao security forces were making further inquiries, he told AGENCE FRANCE-PRESSE.

Press reports in Seoul said Thursday that the Asian woman being held in Bahrain had told investigators she had been a maid in Macao for her alleged male accomplice in the plane's disappearance.

The Korean Air plane crashed while flying over Burma on November 29 with 115 people on board. No wreckage has been found.

The woman and a male companion in his 60s had flown aboard the ill-fated jet from Baghdad to Abu Dhabi, where they got off and flew to Bahrain.

The pair took cyanide in Bahrain after they were found to be travelling on false Japanese passports but only the man died.

The press reports in Seoul said the woman had told investigators that she is Chinese, aged 23, and was once a maid in Macao for her alleged male accomplice.

South Korea has accused North Korea of sabotaging the plane.

A North Korean representative in Macao, departmental manager Ho Hui of Pyongyang's Zokwang Trading Co., said his country had already denied any connection with the aircraft's disappearance.

He said South Korea was trying to give the North a bad image and divert attention from its own domestic problems, citing next week's presidential election in Seoul.

"We are here to do business," he said. "With that sort of image who would do business with us?"

He said he did not know either the woman or the man.

A source close to the Macao Government said the security forces know there is a North Korean spy ring in the territory.

But he indicated that the Macao Government does not want any problems in the run-up to the handover of the Portuguese-administered enclave to China in 1999.

Press Secretary Duarte said there are less than 50 North Koreans in Macao.

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